FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,102 — Wednesday August 24 1983 — D 8523 B

President Reagan: election decision awaited, Page 5

NEWS SUMMARY

GENERAL

Winter Atlantic air fares agreed

Airlines flying the North Atlantic route have agreed to raise first class and economy fares 12 per cent and launch a cut-price $373 fare between London and New York. Standby fares will be dropped for the winter.

The agreement avoids a fares war which had seemed possible between member airlines of the International Air Transport Association flying the route. Page 6

Awacs leave

Two U.S. Awacs surveillance aircraft sent to North Africa to monitor fighting in Chad are being withdrawn, the U.S. State Department announced. Earlier story, Page 4

Swiss postponement

Party leaders in the Swiss lower house of Parliament decided to shelve until after the elections on October 23 discussion of a government proposal that Switzerland should apply to join the United Nations.

Argentine verdict

An Argentine military investigative commission has concluded that the three-man junta which started last year's Falkland Islands War demonstrated incompetence and should be court martialled.

Polish expulsion

Poland has expelled a French woman who it says was working for the CIA, after she was caught with "propaganda" material apparently meant for Ukranian dissidents.

Philippines denial

The Philippines denied Japanese press reports that opposition leader Benigno Aquino was shot by military men and not by the civilian officially identified as the killer. Embarrassment for Marcos, Page 4

Angolan war risk

A senior United Nations official, in Cape Town for the secretary general's talks on Namibia with South Africa, said continued success by Pretoria-backed rebels in Angola could cause a Cuban counter-offensive and risk a full-scale war. Page 4

Ugandan aid danger

Foreign relief workers helping about 10,000 displaced people north of Kampala are in danger because the area has not been pacified by government troops, according to a warning letter apparently signed by a top Ugandan guerrilla leader.

War arms found

West German authorities found a huge Second World War arms cache, including 6.5 tonnes of live artillery shells a metre beneath a busy railway line.

Healthy discretion

Mothers can breast-feed discreetly on Belgian buses, the country's Communications Minister told a senator who protested that a nursing mother was ordered off a bus in Ghent.

Briefly . . .

Basque separatists are suspected of the bombing of a bank in Orio, northern Spain yesterday.

Five Dutch people, including a child, died in a light aircraft crash near Interlaken, Switzerland.

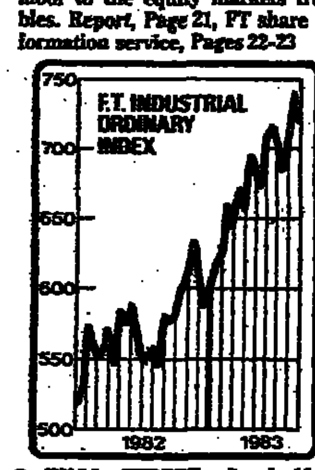
Peking authorities staged a mass execution of 30 murderers and rapists.

BUSINESS

Brazil clears IMF debt hurdle

● BRAZIL appears to have overcome a major hurdle in the way of its new debt refinancing programme with the reported approval by the managing director of the International Monetary Fund of the outline technical agreement reached by Brazil with the fund two weeks ago. Page 5. Yugoslavia has paid $1.9bn in interest and principal due this year on its large foreign debt, clearing the way for it to sign a $2bn rescheduling agreement with commercial banks in New York. Page 28

● LONDON: the FT Industrial Ordinary Index finished 16.4 down at 724, its biggest one-day fall since September 1981. Gilts remained aloof to the equity markets troubles. Report, Page 21, FT share information service, Pages 22-23



● WALL STREET closed 10.26 down at 1192.89. Page 17. Full share listings Pages 18–20

● TOKYO: the Nikkei Dow Index lost 34.57 points to 9,169.18. The Stock Exchange index was 2.1 down at 680.39. Page 17; leading prices, other exchanges, Page 20

● DOLLAR rose to FFr 7.9275 (FFr 7.915), to SwFr 2.141 (SwFr 2.14) and to Y243.3 (Y242.95). It was unchanged at DM 2.6325. Its trade-weighted index was 127.2 (127.5). In New York it closed at DM 2.6397; FFr 7.9375; SwFr 2.1465 and Y243.55. Page 27

● STERLING finished unchanged against the dollar in London at $1.529 and stayed at SwFr 3.275. It improved to FFr 12.115 (FFr 12.1) and to Y372 (Y371.5), but fell slightly to DM 4.025 (DM 4.0275). Its trade-weighted index was 85.7 (85.8). In New York sterling closed at $1.5205. Page 27

● GOLD rose $1 an ounce in London to finish at $425.625. In Zurich gold finished at $427.5 ($423.5). In New York the Comex August settlement was $425.2 ($425.7). Page 26

● PORTUGAL's current account improved in the first quarter of this year to a balance of payments deficit of $668m, compared with $1.086bn in the first three months of 1983. Page 3

● TI RALEIGH, Britain's dominant bicycle maker, announced plans to axe 680 jobs as part of a modernisation programme. Feature, Page 8

● THE HONG KONG and Shanghai Banking Corporation announced net profits of HK$ 964m ($1.29m) for the six months to June 30, 8.6 per cent up on the same period last year.

● BUEHRMANN-TETTERODE, the Dutch printing machinery, paper and wholesaling group, increased its earnings by 72 per cent for the first half of this year to Fl 6.4m ($2.1m). Page 11

● BILLERUD, the Swedish pulp, paper and packaging group, is to acquire a 49 per cent interest in the manufacturing plant of Walter Durbeck, a private German paper and plastic sack company, for an unspecified sum.

● DOW BANKING Corporation of Zurich, has signed a joint-venture agreement with MBF Holdings Berhard, of Malaysia, to co-operate in expansion in the Asean and Pacific Basin areas.

BANCAL TRI-STATE REJECTS HIGHER WELLS FARGO BID

Californian bank accepts $282m Mitsubishi offer

BY WILLIAM HALL IN NEW YORK AND JUREK MARTIN IN TOKYO

BanCal Tri-State, the San Francisco-based banking group in which France's Baron Edmond de Rothschild has a 30.3 per cent stake, has accepted a $282m takeover bid from Mitsubishi Bank Japan's third biggest bank, after rejecting a slightly higher offer from Wells Fargo, California's fourth biggest banking group.

Bancal Tri-State operates the Bank of California, the oldest federally chartered bank on the U.S. West Coast. For historical reasons, it is one of the few banks permitted to operate in more than one state. It has branches in the states of Washington and Oregon as well as California and has consequently been long regarded as a potential takeover candidate.

BanCal Tri-State said yesterday that it had been holding discussions with Mitsubishi for a time and was on the point of finalising the deal when Wells Fargo made a takeover approach on Monday morning.

Mitsubishi is offering $50 a share and Wells Fargo yesterday raised its bid to $53 from the $52 it had offered on Monday evening.

BanCal Tri-State said yesterday that when Wells Fargo first approached it, it was to discuss a possible offer with several conditions attached. As a result, the directors of BanCal unanimously agreed to accept the Mitsubishi offer, which was set to expire on Monday evening. They said they felt justified in doing so because the Mitsubishi offer provided a greater certainty of consummation and was in the best interests of BanCal's shareholders and employees.

Wells Fargo expressed astonishment yesterday at the turn of events. It said it had had informal discussions with the regulators and these indicated that its proposal would receive very favourable support.

Mr Carl Reichardt, Wells Fargo's chairman, said yesterday: "The fact that the BanCal board would accept an offer from a foreign organisation over a higher offer from a neighbouring banking company that shares its long history of service to business and consumers in the Western U.S., a history that dates back to California's gold rush days, is shocking to us."

It was unclear whether Wells Fargo would proceed with a contested bid, despite the lack of support from BanCal's board, but several members of the investment community in San Francisco and New York said they were mystified as to why BanCal should have agreed to a lower bid.

BanCal, which has assets of $4bn and 37 offices, has had a chequered history and is in the process of slimming itself down by disposing of most of its branches. When it has completed the sale of 18 Branches to Bank of Tokyo's Californian subsidiary later this year it will be left with only 15 offices, compared with a network of 77, five years ago.

The Californian banking market is the biggest in the U.S. but it is extremely competitive and many of the smaller banks are being squeezed by competition from the market leaders, Bank of America, Security Pacific and First Interstate Bank. In an effort to improve its profitability, which is among the

Continued on Page 10

Lex, Page 10

U.S. and Japan forecast to lead growth in 1984

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

GROWTH OF output will accelerate in most of the world's major economies next year, the National Institute of Economic and Social research, a leading UK forecasting body, says in its latest review published yesterday.

Countries with fastest growth are expected to be the U.S. and Japan, although higher interest rates resulting from big budget deficits are expected to restrain growth in the U.S. towards the end of 1984. Even so, output in both Japan and the U.S. is expected to be 4 per cent higher in 1984.

In the UK, however, the institute predicts that growth will slow to 1.7 per cent next year, after picking up to 2.3 per cent this year.

The turn of the year was undoubtedly also a turning point for the world economy, it says. In the first quarter of the year, output rose in all seven major countries compared with a fall in all countries except Japan in the final quarter of 1982.

It notes, however, an increasingly marked contrast between the rapid recovery in the U.S., where growth reached an annualised rate of 8½ per cent, and the near-stagnation in continental Europe. Growth prospects in the UK and Japan are somewhere between the two.

The Institute does not expect the revival of the world's economies to be vigorous enough to make much impact on the global rate of unemployment before the end of next year.

Unemployment in the Organisation for Economic Co-operation and Development (OECD) countries remained at just under 9 per cent of the total labour force throughout the first half of the year, in spite of some decline in North America.

The rate of wage inflation continues to slow down in most of the major countries, with the annual increase in hourly manufacturing wages running at only about 5 to 6 per cent in the early months of the year. The institute predicts a further slowdown in this area.

However, the recovery of commodity prices – apart from oil – is expected to contribute to a somewhat higher average rate of consumer price inflation in 1984, which is expected to be about 5.8 per cent for the OECD countries compared with 5.4 per cent in the current year.

The institute identifies two main shadows over the future prospects for the world economy: the familiar anxieties about the effect of large U.S. budget deficits on interest rates, and the linked problems of many Third World countries in servicing and repayment of their debts to Western banks.

In the U.S. the institute says the question overhanging immediate future is what will happen to mone-

Continued on Page 10

Pressure for U.S. embargo on Libyan energy project

BY TERRY DODSWORTH IN NEW YORK

THE U.S. Government's attitude to the conflict in Chad appears to be throwing up further problems over its trade embargo policies only days after it softened its approach towards energy equipment exports to the Soviet Union.

Difficulties have emerged over a project for a Libyan offshore marine mooring system for oil tankers, which could involve a Houston-based subsidiary of Vickers, the UK engineering group.

In the past, the Commerce Department has approved a number of energy-related deals in Libya, but it is now believed to be under pressure from the State Department to block this project in the light of U.S. disapproval of Libyan intervention in Chad.

Neither Vickers nor Sofec, its U.S. subsidiary, would comment on reports of the inter-departmental conflicts yesterday. But Sofec, which would be operating as part of an Italian-led consortium, is understood to have made a firm application for an export licence to Libya, and to be waiting for an official response before going ahead with a bid. There have been no negotiations so far.

It was suggested yesterday that the Commerce Department may have been particularly embarrassed by the Sofec application because it had already granted a similar export licence to another U.S. company.

While the department would not comment on the suggestions, its position on the export of energy-related products clearly poses some difficulties in the case of Libya.

Even before the Chad conflict, the U.S. had adopted a relatively tough attitude to exports to Libya. President Reagan put a stop to purchases of Libyan oil about 18 months ago, and last December an attempt by Boeing to sell passenger jets to Libya for about $600m was rejected by the department.

A Commerce Department official said yesterday that in the past the U.S. had approved offshore marine equipment deals with Libya on the grounds that the technology was available elsewhere.

A similar argument was used to justify last week's decision to remove export controls on equipment made by Caterpillar to lay large diameter oil and gas pipelines

Britain to probe Fraser shares

By John Moore, City Correspondent, in London

THE BRITISH Government is to investigate the long-running attempt by Lonrho to increase its stake in the House of Fraser, the Harrods stores group.

The Department of Trade and Industry, the ultimate regulatory authority of British business, decided yesterday to appoint an inspector to investigate shareholdings in the House of Fraser, in which Lonhro has sought to increase its influence, in one of the longest corporate battles in takeover history.

Mr. Cecil Parkinson, Secretary of State for Trade and Industry after consultation with the Office of Fair Trading, appointed Mr John Griffiths Q.C., to investigate the Fraser shareholdings.

The action was taken after House of Fraser sent confidential information to the Trade Department alleging that mystery shareholdings were being built up in the group, which were designed to help Lonrho in its plans to acquire more influence over the Fraser group and force Fraser to float off its main asset, Harrods of Knightsbridge.

In 1981 Lonrho attempted to take over House of Fraser in a £226m ($344m) deal but was blocked after a Monopolies and Mergers Commission inquiry which ruled that the takeover would be against the public interest.

In terms of undertakings which Lonrho had to give to the Department of Trade, Lonrho was prevented from increasing its stake to 30 per cent or over, which under the takeover rules would have required Lonrho to mount a bid. Lonrho's present stake stands at 29.99 per cent.

Last night Mr Roland 'Tiny' Rowland, chief executive of Lonrho, the international trading conglomerate, asked rhetorically of the Trade Department's investigation: "Are we likely to become involved in anything which runs counter to the law?"

Lonrho has recently been gaining ground in its attempts to force a demerger of the Harrods store from the Fraser empire, a move which has been suggested may lead to the takeover of Harrods by Lonrho.

● Gulf Fisheries, a large Arab shareholder, yesterday disclosed that it had disposed of 2m shares out of its total 39m shares in Lonrho.

Lex, Page 10

Exxon, Shell secure oil deal in China

BY RICHARD JOHNS IN LONDON

EXXON and Shell, in a 50:50 venture, have secured exploration rights for two licence areas in the Pearl River basin of the South China Sea under an agreement signed yesterday in Peking.

The partnership is the third so far to be awarded acreage as a result of the bids for areas of the South China and Yellow Seas invited by the China National Offshore Oil Corporation early in 1982. The companies began discussions with the state concern in 1978.

Exxon will be the operator for the joint venture. A spokesman for the U.S. company said yesterday the partners had obtained two out of the four areas sought by them.

Exxon said the companies expected to spend "in excess of $100m" over a three-year period – implying a big commitment and a fairly intensive exploration programme of seven or eight wells.

Seismic work will start before the end of this year, and the partners plan to start drilling the first exploration well in the first quarter of 1984.

Prospects in the South China Sea are considered by the industry to be far better than in the Yellow Sea. One of the areas awarded to Exxon and Shell, No 40/01, covers 2,580 square kilometres with an average depth of 400 feet, and the other, 04/27 to the north-east, 2,540 sq km with an average depth of 260 feet.

There was surprise among industry observers about the fact that the two majors had obtained two areas. It confirmed the impression that Exxon and Shell had driven a harder bargain than British Petroleum and Occidental, leaders of the other groups successful so far in the Chinese bidding, which both appeared to accept some less attractive acreage in their parcels.

Details of the financial terms and work commitments are being kept secret, but it is believed that in the event of commercial discovery the Chinese National Offshore Oil corporation will receive a 17½ per cent royalty and 50 per cent of output will initially be dedicated to recover costs with the balance split 51:49. Beyond that there has been scope for bargaining over proceeds Recently, though, a study by stockbrokers de Zoete and Bevan concluded that for an offshore field with 500m barrels of reserves China would give an 18.5 per cent return

Continued on Page 10

Pakistan to avoid new IMF finance

BY JOHN ELLIOTT IN KARACHI

THE GOVERNMENT of Pakistan has decided that the country's balance of payments position is sufficiently strong for it not to ask the International Monetary Fund for fresh support during the current financial year.

An existing $1.5bn three-year extended facility runs out in November, and President Mohammed Zia ul-Haq's administration does not want to introduce new IMF-imposed policies which might be unpopular at a politically sensitive time.

It also feels that Pakistan's balance of payments performance is strong enough to survive without the help of the fund, which made it introduce unpopular pricing and subsidy policies as a condition of the current facility.

Foreign exchange reserves have more than doubled in the past year from $780m in June 1982 to the present $1.75bn, which is a record figure. This total covers more than three months' imports and compares with a total of only $342m when the IMF's present facility was negotiated in 1980.

But Pakistan's current account trade balance remains in deep defi-

Continued on Page 10

PROTESTS WIDEN

Students in two Pakistani provinces clashed with police yesterday as President Zia, in Karachi under tight security, denied the continuing unrest was cause for alarm. Many Sind shops closed their doors and protesting lawyers were locked in courtrooms by the police. *Page 10; Conventional trade to continue, Page 6; Greatest test yet for Zia, Page 9.*

CONTENTS

EUROPEAN NEWS

Scant support for Gdansk go-slow

BY OUR FOREIGN STAFF

WORKERS at the Lenin shipyard in Gdansk yesterday appeared to have given scant support to a go-slow call by a secret committee of Solidarity sympathisers, after senior party and government officials visited the yard.

Mr Stanislaw Bejger, first party secretary in the Gdansk region, went to the yard on Monday and, according to a local newspaper, promised reforms which "will increase workers' salaries and give them more satisfaction in their work." Mr Jerzy Urban, the chief government spokesman, was also said to have visited the Lenin yard yesterday morning.

Despite yesterday's response, the clandestine TKZ committee has put out a leaflet calling for the go-slow to be extended beyond August 31, the anniversary of the accords setting Solidarity up, to mid-September. The move is in protest at the Jaruzelski government's refusal to resume talks with Mr Lech Walesa on union issues.

Mr Walesa, the head of Solidarity, yesterday issued a statement rebutting government media attacks on him. He denied that he had grown rich on western money and that he had personally called for the go-slow.

A spokesman for the Lenin yard said the tempo of work was normal yesterday, with electricity power consumption above average. Unlike many yards in the West, Polish shipbuilding has kept busy, with steady orders from the Soviet Union.

U.S. sanctions take toll of meat supplies

BY LESLIE COLITT, RECENTLY IN WARSAW

POLAND'S MEAT and poultry supplies have fallen sharply since last sumer, and are now just sufficient to provide the population with the amount guaranteed by their ration cards. Poles this year are consuming 54 kg of meat per capita, compared with 75 kg in 1979.

Dr Jozef Koziol, the First Deputy Minister of Agriculture, said agriculture had been hardest hit by U.S. sanctions. The severing of credits for U.S. fodder has led to a 20 per cent decrease in Polish pork production, the main meat consumed in Poland, and a similar drop in poultry, he said.

According to the minister, farmers are obtaining only a third of the state-supplied fodder they were able to buy in 1980. Poland is now importing fodder from the West for cash because domestic fodder alone would sustain a per capita consumption of only 50 kg of meat annually.

Meat shortages and the price of meat have frequently led to labour unrest in Poland. This took place most recently in the summer of 1980, when widespread strikes were triggered by the sale of poorer cuts of meat in new state "commercial" butcher shops at higher prices.

Price increase

Dr Koziol said there will be a rise in meat prices at the beginning of next year, but that it is difficult to say by how much. On June 1, the government purchase price for meat produced by Poland's more than 3m private farmers was raised by some 10 per cent.

He explained that the Government intends to maintain the relationship between the level of purchase and retail prices. A senior government economics official, however, acknowledged that Poles remain extremely allergic to price rises, and that he would recommend only "mild" increases next year.

Grain harvests were good this year and last, and farmers' deliveries to the Government are at a high level since grain purchase prices were boosted by 30 per cent in June. The policy of the Government, Dr Koziol said, is primarily to buy grain for flour and bread, for which some 6m tonnes a year is needed.

The U.S. Department of Agriculture estimates that Poland this year will bring in a grain harvest of 21m tonnes, compared with 21.2m last year.

The potato crop — potatoes are the main fodder for pigs — is expected to be better than in 1982. According to Dr Koziol, although Poland aims to rebuild its pig and cattle herds, this will be limited by the supplies of fodder. A sharp increase in fodder output is not feasible in the next two years because all farmland is already under cultivation. The only solution, he said, is to introduce new types of fodder crops, use fertilisers better, and increase irrigation.

Less fish

Polish statistics show that the U.S. embargo has led to an annual decline in poultry production of 340,000 tonnes and of 83,000 tonnes in specialised poultry farms which were based on U.S. maize fodder. Suspension of Polish fishing rights in the U.S. 200-mile zone is said to have resulted in 10,000 tonnes less fish on the market, even though the fishing vessels were relocated to the Falklands region.

Concern over Irish rail safety

BY BRENDAN KEENAN IN DUBLIN

THERE IS GROWING concern about the safety record of the Irish railway system after Sunday's crash in which seven people died near Dublin. The national railway company, CIE, has refused to comment on newspaper claims that its record is 12 times worse than that of British Rail.

The comparisons are difficult because of the small size of the Republic's rail network, with less than 1,000 miles of main-line routes. Until 1974 there had not been a fatal accident in 60 years. Since then, there have been seven major incidents, the worst being in County Cork in 1980, where 18 people died when an express was accidentally diverted into a siding.

Irish newspapers have been speculating in advance of the public enquiry that inadequate investment is one of the reasons for recent accidents. CIE trains are not equipped with automatic braking systems such as those in use on BR. Sunday's fatalities occurred in one of the 30-year-old wooden coaches which were condemned at the inquiry into the 1980 disaster.

However, Sunday's crash occurred on the part of the network equipped with modern automatic signalling. Lack of development in the rail service may have contributed to a lowering of morale and standards among the staff.

The Irish railways lose about I£70m (£55m) a year, but Government funds have been made available to replace antiquated coaches and the first of the new rolling stock is due to be delivered next year.

CIE is also to get an annual subvention "above the line" instead of having its deficit covered by the exchequer as at present, but is at loggerheads with the exchequer over grants from the EEC.

The Community's regional development fund contributed an undisclosed sum—believed to be about I£20m—towards electrification of the Dublin suburban lines but the hard-pressed Irish exchequer did not regard this as additional to the annual subsidy and CIE has had to borrow I£80m

Danish admiral attacks lack of mine-sweepers

By Hilary Barnes in Copenhagen

THE DANISH navy's capacity to sweep mines from Denmark's waters is "virtually non-existent," according to Rear Admiral Olfert Fischer, chief of the navy's operational command.

Budget cuts have reduced the number of mine-sweepers from six to three, he said. If the Warsaw Pact really wanted to make trouble it could sow mines on the most important ferry routes and outside the main ports without any trouble,

One of Denmark's Nato tasks in time of war would be to keep the Baltic entrances open

Bid to end impasse at security conference

By David White in Madrid

THE FATE of the three-year-old Madrid security conference, which only requires Malta's signature to reach its long-awaited conclusion, hangs on a plenary session tomorrow which the remaining 34 participants hope can clear the impasse.

A fresh compromise formula from the neutral group of countries is expected to be put forward by Sweden as the basis of an accommodation

The Madrid session of the Conference on European Security and Co-operation, after finally reaching a compromise between East and West bloc positions on human rights and other issues, has been held up since mid-July by Malta's insistance on additional talks covering security in the Mediterranean.

The proposal, judged impractical by other nations including the U.S., Canada and all the rest of Europe except for Albaina, has threatened to hold up the end of the meeting. These are due to make way for a series of follow-up meetings, including a disarmament conference starting in Stockholm next year.

Sr Fernando Moran, the Spanish Foreign Minister, has made clear that, if the Maltese problem is not resolved this week, the final gathering of foreign ministers cannot take place as scheduled on September 7-9.

Delegation chiefs return to the talks tomorrow, after an hiatus during which Romania, Greece and other participants have been engaged in discussions aimed at softening the Maltese position.

Palme wants three nuclear-free zones

Prime Minister Olof Palme of Sweden on a three-day official visit to Greece, has called for three nuclear-free zones to be established in Europe—in the Balkans, Scandinavia and Central Europe AP reports from Athens. "Those who believe in de-nuclearisation should continue the struggle because they have the support of the population in both East and West," he said.

Mr Palme endorsed the proposal by Mr Andreas Papandreou, his Greek counterpart, for a six-month delay in deployment of Cruise and Pershing-2 missiles in Europe.

Second supermarket giant joins French petrol price war

BY DAVID MARSH IN PARIS

FRANCE'S PETROL price war hotted up yesterday as Carrefour, the large supermarket group, joined with the Leclerc discount retailing chain in offering motorists fuel at below government-authorised prices.

Carrefour, a European leader in hypermarkets on city outskirts, said it was forced to act to avoid losing customers to Leclerc, whose petrol price cuts have sparked off great controversy this summer.

Both retailing chains — France's top two supermarket concerns—are offering motorists discounts from government-set prices of more than the officially-allowed maximum of 10 centimes at many of their stores.

The Carrefour action seems certain to embarrass further the Government, which has already launched several largely unsuccessful, legal moves to try to stop Leclerc.

However, it has brought a delighted reaction from the group run by M Edouard Leclerc, an ardent preacher of free-market retail competition, who has been mounting discount campaigns for more than 30 years. M Leclerc's son, Michel, who organises the petrol distribution side of the business, said the Carrefour move was "positive" as the Government could no longer claim that the discount operation was merely a publicity campaign.

The Leclerc action, although clearly popular with motorists, has faced sometimes violent opposition from rival petrol stations. A string of Leclerc pumps and petrol stations around the country have recently been damaged or occupied in reprisal.

M Michel Leclerc said last night that a "fundamental debate" about government price controls on petrol should now be opened up. "The more we are together in this, so much the better," he said. "It is time that the big French distributors took action rather than to hide behind negative statements."

M Leclerc said more than 400 Leclerc stores were offering 20 centime discounts. A total of 58 legal action had been launched against the group since the summer outbreak of price-cutting, 41 of which Leclerc had won. In several cases, the dispute has been referred to the European Court. Under EEC rules distribution monopolies are meant to be illegal.

The official ceiling price for petrol in France varies between FFr 4.91 (40½p) and FFr 5.03 (41½p) per litre of super-grade depending on the region.

Spanish bank draws grim conclusion from job study

BY OUR MADRID CORRESPONDENT

SPAIN, which is struggling with the highest unemployment in Western Europe, will still have 13 per cent of its active population out of work in 1986 even if the Government achieves its job-creation target, according to a study by the Banco de Bilbao.

The Government was elected last October on a promise to add 800,000 jobs over four years, but serious doubts about this target have grown since then. Sr Carlos Solchaga, the Industry Minister, is on record as having described it as "almost impossible."

The Banco de Bilbao study concludes that if total employment is maintained at the 1982 level, the jobless rate will climb to 18.5 per cent at the end of the Government's term of office. It reckons that the active population will increase by 400,000 during this period, with most newcomers to the job market being women.

Official statistics showed 2.16m out of work in Spain at the end of July, or 16.5 per cent of the labour force. The main growth in unemployment has come in the construction industry and among young people looking for their first job.

Meanwhile, the number of openings for Spaniards to do temporary work on French vineyards during harvest time is likely to continue declining.

Divisions on EEC farm reform start to emerge

By Paul Cheeseright in Brussels

DIVISIONS AMONG European Community countries about the way in which spending on the Common Agricultural Policy should be held back surfaced yesterday as senior officials prepared the way for an important ministerial negotiating session next week.

The officials were meeting here to examine proposals advanced by the European Commission for farm spending reform.

The early disagreement emphasised the difficulties and complexities of settling a reform package for final negotiation at the next EEC summit to be held during December in Athens.

Delegates noted that although there was general agreement about the need to consider reforms together and not in isolation, the outlines of national positions beginning to emerge showed sharp variance over the component parts of a package.

The thorniest single problem was said to be the spending on the dairy sector, the largest consumer of funds in the farm budget, which in total next year will absorb over £9bn or 60 per cent of the whole EEC budget.

The Commission has suggested that milk production over a certain quota level should attract a special levy to be paid by the farmer.

This idea attracts Britain and West Germany, the two countries most broadly interested in restricting farm spending but delegates said it had run into opposition from Belgium and Greece.

France and West Germany, maenwhile, were said to be taking different positions on the Commission aim of phasing out "monetary compensation amounts," the system used to bridge the gap between prices expressed in a common EEC unit and national currencies. West Germany wants them to stay, France wants them to go.

It was being stressed yesterday evening, however, that no country is yet showing its hand. The negotiations will be carried out by minister. "We're a few months away from the crunch yet," said one official.

FINANCIAL TIMES, USPS No. 109640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, N. Y., N. Y. 10019

UK NEWS

Insurance curbs planned

INSURANCE companies which are not authorised to do business in the UK may find it difficult to market their products in the UK if new proposals from the Department of Trade and Industry (DTI) to control unauthorised insurance companies are put into operation.

At present unauthorised insurance companies can market their products in the UK only through third parties, and there are strict controls on advertising.

But the collapse of Signal Life and Cavendish Life – two companies in Gibraltar – showed that the present system did not protect the consumer in the UK.

The DTI has sent a consultative document to the main professional bodies in the UK insurance industry setting out its proposals to tighten controls on unauthorised life companies.

Two options are set out – controls which would forbid unauthorised companies from advertising in the UK without permission, or a complete ban on the soliciting of business in the UK.

Companies established in other EEC countries, or in countries with acceptable supervisory standards, would be exempt from the proposed controls.

● MR JOHN HUME, leader of the SDLP, Northern Ireland's main Roman Catholic party, will not be joining the Rev Ian Paisley, his political rival, on a mission to the U.S. next month to seek industrial investment. He said the trip clashed with sittings in Dublin of the New Ireland Forum which is drawing up proposals for new political structures in Ireland.

● A STRIKE by 190 National Coal Board (NCB) electricians, which has stopped work on two coal preparation plants in the Barnsley area of Yorkshire, is threatening the viability of seven pits according to the NCB. Electricians are objecting to the hiring of private contractors.

● BRITISH AIRWAYS' legal action in the High Court to stop British Midland Airways competing on the Heathrow, London to Belfast route, is to be held in private chambers, possibly later this week.

● PEOPLE EXPRESS, the low-cost U.S. airline which began operating on north Atlantic routes this summer, carried an average of 408 passengers on each flight, an average load factor of more than 90 per cent, figures by the British Airports Authority show.

TUC likely to win backing for dialogue with Government

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE TRADES Union Congress (TUC) seems certain at its annual meeting at Blackpool in two weeks' time to decide by a substantial majority to enter into a full discussion with the Government on its programme of legislation aimed at tightening controls on unions.

This far-reaching shift in policy, foreshadowed by last week's talks on more minor matters between union leaders and Mr Norman Tebbit, Employment Secretary, was signalled yesterday when TUC leaders managed to draw left and right-wing factions together in a decision to hold "reasoned discussion" with the Government.

A resolution to this effect, to be put to the Congress, already has 3.5m of the TUC's 10.5m votes committed to support it. If, as expected, three of the largest unions at present uncommitted also decide to give the resolution their support, it will have more than 6.5m votes – or nearly two-thirds of the total.

Although the resolution framed yesterday is shrouded in war-like rhetoric, the essence of the decision is contained in a central passage originally proposed by the Civil and Public Services Association.

This states that Government plans for legislation are best opposed by reasoned discussion and explaining to the public the "unfair and impractical nature of the proposals." It instructs the TUC to "dissuade the Government from taking further legislative steps."

Steel workers recalled after £18m Shell order for gas pipelines

BY IAN RODGER

BRITISH STEEL Corporation (BSC) is recalling 220 workers at its Hartlepool pipe mill after winning an £18m order for 40,000 tonnes of pipe for Shell/Esso's Fulmar gas pipelines.

This contract, together with two others BSC has won in the North Sea in recent months, also helps to protect the 267 remaining workers at the Hartlepool plate mill on the north-east coast of England.

"Amid all the gloom, this is great news and a boost for us all," Mr Jim Mackenzie, managing director of BSC Plates, said. "Our task now is to go on giving an immaculate performance so that we can win more orders on merit, and at a profit to keep our facilities in operation."

The Hartlepool pipe mill was closed in January, and only 31 employees were retained to keep it on a care-and-maintanance basis. In May this year, BSC announced it would "stand down" the nearby plate mill, with the planned loss of 977 jobs. However, a single shift of 267 workers was retained in the hope of new orders arriving soon.

BSC won a contract to supply over 14,000 tonnes of plate for Total Oil Marine's Alwyn North development, and earlier this month it won another order for £10m worth of plate for Britoil's Clyde field development.

The latest contract is for the major portion of steel pipe for a 180 mile (290 km) pipeline to carry gas from the Fulmar field, 170 miles (273 km) east of Dundee to St Fergus where the gas and gas liquids will be separated.

Shell UK Exploration and Production, the operator for the consortium, said BSC won the order by being able to meet stringent specifications and an exacting delivery schedule.

Shell said the £315m Fulmar gas project offered British industry the opportunity to bid for the supply of £150m worth of goods and services over the next year.

BSC's pipe contract is to be completed by March, 1984. No guarantee of work for the pipe mill has been given beyond that date.

Efficiency drive urged in state gas

By Ray Dafter, Energy Editor

BRITISH GAS Corporation should raise tariffs, improve its efficiency and work more constructively with Government, according to an official management report published yesterday.

The report is the result of an efficiency study by the accountancy firm, Deloitte, Haskins and Sells, who were commissioned by British Gas and the Energy Department. It urges changes in the corporation's management structure so that senior executives have more time to "concentrate on strategic planning and the acquisition and use of key resources, and to give attention to relationships with Government."

Present tariffs were sufficient to cover the average costs of supply (a fact reflected in the corporation's record profit of £663m in 1982-83). But the cost of supplying more than one fifth of regional sales during the financial year exceeded the average revenue by nearly £50m before earning a return on assets, the report found.

If all gas had been priced to cover marginal costs including a 5 per cent return on assets, more than £500m of additional revenue would have been generated. Although the corporation had consistently met its financial objectives, set by the Government, it was questionable whether the objectives had been sufficiently precise or stringent to ensure maximum efficiency.

It was recommended that British Gas should be required to maximise profits "within a framework of constraints on prices and standards of service that are designed to ensure that its monopoly position is not abused."

"We believe that without the pressure to maximise profits it is very difficult to create a management environment that encourages the sustained search for efficiency," the report said.

"Considerable reservations" were expressed about the suitability of the corporation's organisational structure. A study was needed to identify separate business units with a view to formulating a more decentralised structure.

Potential cost savings of up to £100m a year were identified as a result of examining operations in the corporation's 12 regions. While praised for its offshore exploration successes, project control methods on the Rough and Morecambe gas fields were criticised.

Editorial Comment, Page 8

Domestic sales give lift to W. German electricals industry

BY JONATHAN CARR IN BONN

THE WEST GERMAN electricals industry is a bit more confident about business prospects, thanks to fairly strong growth in home demand in the first half of the year. But exports are weak and the industry is employing fewer people.

The industry's association said yesterday that overall orders rose by a nominal 2 per cent against the first half of 1982 because of a boost of 6.4 per cent at home. Foreign demand fell by 5.7 per cent.

Producers of electrical investment goods did better than the average for the industry and are marginally happier about the outlook than they have been for the past few years.

Domestic orders for investment goods rose by 7.2 per cent (against only 3.1 per cent for consumer durables) and domestic sales were up by 4.4 per cent. The industry's overall sales rose by 3.7 per cent in the first half.

The relatively stronger demand for investment goods is one sign of the gradual upswing in domestic economic growth after two years of decline. Many experts think the upturn will gather strength during the rest of this year and in 1984.

Nevertheless, a big questionmark remains over many key West German export markets. It is unclear how far domestic revival may be able to make up for flaccid demand from other countries suffering from high interest rates and low investment.

Use of capacity in the electricals industry picked up slightly in the first half—by 3 per cent to 78 per cent. But there is a very long way to go before rising demand forces companies to take on more labour.

At the end of June, there were 902,000 employed in the electricals sector, 20,000 fewer than at the end of 1982. The number of those on short time work also fell considerably.

Portugal's current account deficit falls to £436m

BY DIANA SMITH IN LISBON

PORTUGAL'S current account improved markedly in the first quarter of this year compared with the same period of 1982.

Figures announced this week by the Bank of Portugal show that the deficit, which reached the record height of \$1.086bn (£709m) in the first quarter of last year, receded to \$668m (£436m) in the first three months of 1983.

This was due to strong repression of imports by the former Government headed by Sr Francisco Balsemao, after the current account plummeted \$3.3bn into the red at the end of last year. The former administration discouraged imports by subjecting licences to bureaucratic delay, and made cuts in the imports of grain and crude oil, Portugal's most onerous overseas purchases.

Grain imports in the first quarter dropped nearly 15 per cent in volume: oil imports were reduced by nearly 25 per cent compared with 1982 levels.

Such drastic measures could only be stopgaps, however. Portugal depends on imported grain and animal feed for more than half of basic needs in a good year—and demand this year for imported grain has inevitably mounted because of the long winter drought. Total imports were \$2.067bn in the first quarter this year compared with \$2.479bn in January-March 1982.

The Bank of Portugal figures also reflect a modest upturn in exports in dollar terms in the first quarter. Exports were \$1.098bn this year compared with \$1.023bn in 1982. Tourism brought in \$147m against \$39m.

A performance clause in Portugal's letter of intent with the International Monetary Fund initialled on August 8 demands reduction of this year's balance of payments deficit to \$2bn and a decrease in 1984 to \$1.25bn. Sr Mario Soares's Government recently put strict quotas on the import of consumer goods for the next seven months

An attack of the shakes moves Pozzuoli to action

BY RUPERT CORNWELL IN ROME

THE 75,000 inhabitants of Pozzuoli have had enough—and it is easy to see why. Since the start of 1983, the crowded little town a few miles northwest of Naples has experienced no less than 2,000 earth tremors: 180 so far in August alone.

The ground has risen some 73 centimetres in parts of the city. Several of Pozzuoli's already inadequate roads have had to be closed, many blocks of flats have been seriously damaged, and activity at the fishing port, one of the main props to the local economy, has been disrupted.

An abstruse scientific word—bradisismo—has also entered the common language. Literally, it means "slow earthquake," as opposed to "fast" ones of the type which devastated a swathe of Campania, inland from Naples, in November 1980, killing almost 3,000 people.

But for Pozzuoli, the slow earthquake is proving akin to death by a thousand cuts. On Monday morning, after the 2,000th tremor, registering grade four on the Mercalli scale, its patience ran out.

Thousands took to the streets demanding something finally be done by local and national government to increase their security. Roads and railways were blocked, in some cases by bonfires, and the demonstrations ceased only in the afternoon, after representatives of the city government had registered a formal plea with the state authorities.

The culprit for these latest tremors, as for the myriad others of the past, is the Solfatara, the extinct volcano between Pozzuoli and Naples.

It emits occasional rumbles, adding to the general nervousness of the nearby inhabitants. But experts say there is no danger of an eruption, or even of disturbances like those of 1970 which caused part of Pozzuoli to be evacuated.

For thousands of years, the Solfatara has in fact been playing upon imaginations. Virgil considered it one of the entrances to the underworld, and close by up the coast is the mysterious and evocative shrine of the Cumean Sybil.

But for modern Pozzuoli, it is the present which matters. Sig Vicenzo Scotti, the new Minister for Civil Protection, is paying a visit today, to preside over a meeting of experts and officials. Whatever they come up with, however, is unlikely to set local minds at rest.

Yugoslavia may widen price curbs

By Aleksandar Lebl in Belgrade

THE YUGOSLAV authorities have warned that their recent actions—rolling back bread price increases and fining beverage producers for exorbitant price rises—may be followed by similar moves in other sectors, in a bid to restrain renewed inflation.

The new surge in inflation, which is pushing the annual rate of price rises up to 40-50 per cent, follows the end of a 12-month price "freeze" on July 28. Even during this so-called freeze, retail prices jumped 33 per cent.

In its latest report in July, the Organisation for Economic Co-operation and Development singled out "the permanent tendency towards high inflation" as the country's worst structural problem.

The OECD complained about the inflationary impact of the policy—prescribed for Yugoslavia by the International Monetary Fund—of faster currency depreciation. So far this year, the dinar has sunk by 50 per cent against a trade-weighted basket of convertible currencies and by 60 per cent against the U.S. dollar alone.

Frontier 'attack'

Vandals from the West crossed the frontier and "destroyed border security devices," East Germany claimed yesterday in a protest to the Bonn Government, AP reports from Berlin. A West German spokesman confirmed that an automatic firing device which East Germany attach to wire fences to hinder border escapes had been destroyed.

Unemployment the only blot on Swedish economic recovery

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

"IN THE Social Democrats' Sweden there were never 153,000 unemployed." This was the proud boast of the election posters just under a year ago, as Sweden's Socialists fought to wrest back power from the Centre-Right coalition after six years in the political wilderness.

Nearly 12 months later Olof Palme's Social Democrat administration is facing more than 154,000 out of work—not to mention the countrys hidden unemployed—close to 100,000 people outside the labour market who are only kept off the unemployment register by costly job creation measures.

The Swedish economy is showing clear signs of recovery with growing exports, increasing production and rising orders from abroad, a big improvement in the current account, a booming stock market and sharply rising company profits.

The official unemployment rate, at only 3.4 per cent in July, would be the envy of many of Sweden's neighbours, but despite the economic upswing the number out of work appears set to continue rising at least for the next year, according to Mr Kjell-Olof Feldt, the Swedish Finance Minister, and the trades unions are becoming restive.

The Swedes have had to endure three years of declining real disposable incomes, and trades union leaders will be reluctant to accept another settlement below the inflation rate next year. Mr Stig Malm, leader of the blue-collar workers who usually set the pace in the wage round, has already suggested his members will be seeking an increase of as much as 11 per cent.

The battle to lower inflation and hold down wage costs is one of the major challenges facing the Social Democrats, after a first year in office which began with a 16 per cent devaluation of the Swedish Krona.

Trade surplus

The devaluation, which was a nasty shock for Sweden's Nordic neighbours—was aimed at restoring Sweden's industrial competitivenes and regaining lost shares of international markets. The hoped for boost to exports has begun to show through clearly in the monthly trade figures and the initial damage to the trade balance from dearer imports has been minimised by continuing weak demand in the domestic economy which has forced importers to hold down price increases.

From January to July this year Sweden showed a trade surplus of SKr 10bn (£839m) compared with a surplus of only SKr 4.6bn in the corresponding period last year. The value of exports jumped by 24 per cent and the volume of exports grew by 10 per cent compared with a rise of only 3 per cent in the volume of imports.

Swedish exporters have been recording their chief successes in their five established main markets, Norway, West Germany, the UK, Denmark and the U.S., which have increased their share of total Swedish exports to around 50 per cent from 46 per cent last year.

One of the biggest structural problems in the Swedish economy remains the fact that its industry became too small during the second half of the 1970s, as exploding costs helped to price companies out of international markets. The loss of export competitiveness led to a rapid deterioration in the country's current account of the balance of payments.

A devaluation two years ago helped to offset some of the disadvantages faced by exporters, but the big boost came from the 16 per cent devaluation last October. According to Mr Rudolph Jalakas, senior economist with Svenska Handelsbanken, Swedish industry now has a more favourable competitive position than at any time during the last 10 years.

Industrial production has risen steadily, with an increase of 6 per cent from the low point reached in August last year. Increases in output this year of 1.7 per cent in the second quarter, 1.5 per cent in the first quarter and 1.2 per cent in the final quarter last year have been made possible by sharply rising foreign orders.

Helped by the strength of the U.S. dollar, Sweden's multinational corporations are beginning to report booming profit levels — at least when compared with the recent lean years.

Having out-performed all other stock exchanges around the world in the past two years the Stockholm bourse is threatening to repeat the performance again this year with a further rise of more than 60 per cent in the index (Veckans Affärer) since January following increases of 36 per cent in 1982 and 58 per cent in 1981.

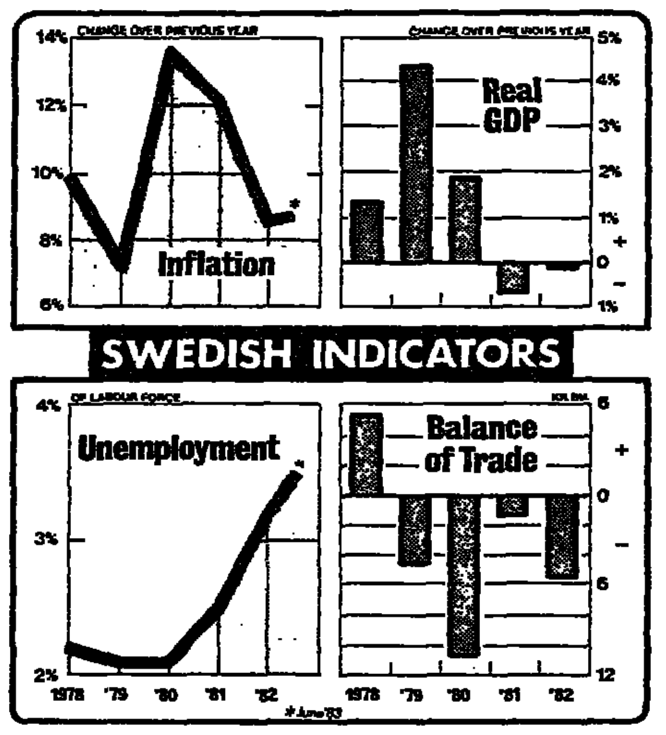
Export gains are fuelling a modest expansion in the economy which could see a growth of 1.7 to 2 per cent in Gross Domestic Product (GDP) in 1983, a marked turnround from the recessionary years of 1981 and 1982 when GDP shrank by 0.7 and 0.1 per cent.

The Swedish Confederation of Industry is forecasting a further growth of 1.8 per cent in GDP next year, while the OECD is rather more confident, suggesting a rise of as much as 2.5 per cent. Much clearly depends on the durability of the world recovery.

With such early successes behind them the Social Democrats can perhaps claim with some justification that they are on the way to securing the first part of their economic strategy, namely to reindustrialise Sweden, to revitalise the export sector and recapture lost market shares. The second stage—lowering inflation, reducing the central government budget deficit and maintaining full employment might not be so easy to achieve.

Inflation is the Achilles heel of the Swedish economy. The rate of increase has been falling this year and inflation has been held well below the 13-14 per cent feared by some at the time of the devaluation.

But on a year-on-year basis the retail price inflation rate was still standing at 9.1 per cent in July.

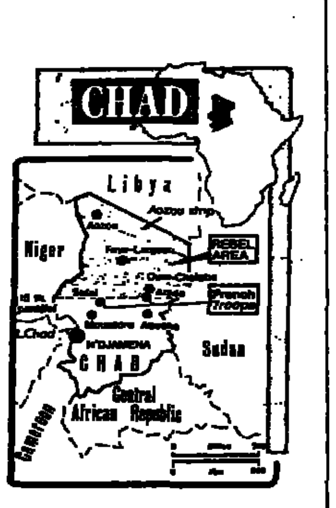


French envoy tries to speed diplomatic solution over Chad

BY DAVID MARSH IN PARIS

THE FRENCH Government, which is resisting calls from Chad for more active military support for the regime, yesterday sent a special envoy to Africa to try to speed a diplomatic solution to the Chadian conflict.

Mr Maurice Faure, the Radical party deputy who is head of the National Assembly's foreign affairs commission, was due to leave for Addis Ababa last night for talks with Ethiopian president Mengistu Haile Mariam, the current chairman of the Organisation for African Unity.



News of M Faure's mission, which followed a meeting between members of the commission and M Claude Cheysson, the Foreign Minister, came amid increasing signs of France's reluctance to step up further its military support for embattled Chad President Hissene Habré.

Following the landing of French combat aircraft in the Chad capital N'Djamena on Sunday M Habré made clear that he welcomed the arrival of the air force but wanted more French military aid to ward off the threat of attacks from Libyan-backed rebels holding the north of the country.

Suspicions are, however, growing in Paris that Mr Habré is overstating the immediate threat of a rebel advance on N'Djamena in order to win more French weapons and material to help his forces launch a northern counter-attack.

This suspicion is backed up by diplomatic reports that Libyan-aided forces built up in the rebel-held North have not made any significant advances southwards since recapturing the key oasis town of Faya-Largeau a fortnight ago.

Foreign diplomats in Paris and the French Government believe that M Habré may be tempted to try to retake Faya-Largeau. France, however, believes that a fresh outbreak of fighting in the North – in which French soldiers could become involved – would not be the best prelude to reaching a diplomatic solution to the conflict.

The only gradual response by the *Paris Government to M Habré's* pleas for more men and military hardware thus seems a deliberate way of restraining his ambitions to restart the fighting.

The French Defence Ministry was yesterday still sticking to the line that around 2,500 soldiers were involved in the Chad operation – just over 1,000 in Chad itself with another 1,500 standing by in neighbouring Central African Republic. The number in Chad could, however, be up to 1,000 more than the Government is admitting, according to press reports from N'Djamena.

General Jean Poli, nominated by the Government to take charge of the Chad operations, arrived on Monday with a further 80 air force commandos, officially bringing to a close the present phase of troop reinforcements.

Four air force Jaguar fighter-bombers and four Mirage F1 fighters are still stationed at N'Djamena airport. Two other Jaguars which arrived on Sunday morning have since left Chad.

On the diplomatic front, M Roland Dumas, the envoy sent by President François Mitterrand for talks in Tripoli last week with Libyan leader Col Muammer Gadaffi, has been rumoured to be on the point of making another visit to Libya. He said, in a newspaper interview published yesterday, that he wanted to keep silence about future *missions "as a condition of (their)* efficiency."

UN Secretary-General starts Namibia talks

BY J. D. F. JONES IN JOHANNESBURG

DR JAVIER PEREZ DE CUELLAR, the United Nations Secretary-General, yesterday opened two days of talks with the South African Government *over the future of Namibia* (South-West Africa).

The UN party met Mr P. W. Botha, the South African Prime Minister, and held talks with Mr Pik Botha, the Foreign Minister, and General Magnus Malan, the Defence Minister. Earlier Dr Perez de Cuellar spoke of the "inordinate delay" in reaching a settlement on the independence of Namibia. Tomorrow he is due to fly to Windhoek, where he will probably meet some of the "internal" party leaders in the territory. He then moves on to the Angola capital of Luanda where he is expected to meet Mr Sam Nujoma, the leader of the South-West African Peopls Organisation (Swapo).

Although Dr Perez de Cuellar refered on Monday night to "a few outstanding issues" obstructing the progress of Namibia to independence elections, there is considerable scepticism that he will find an easy success where the contact group of five Western nations has so far failed.

Part of the Secretary-General's problem is that the basic obstacle to a settlement remains the insistence of the South African Government (supported by the U.S. Administration) that a settlement be "linked" to the withdrawal of Cuban troops from Angola.

This is not a subject which technically falls within Dr Perez de Cuellar's brief, though it is hardly possible for it not to be mentioned in Cape Town in the course of these talks.

Shagari edges towards two-thirds Senate majority

BY OUR FOREIGN STAFF

THE National Party of Nigeria (NPN), led by President Shehu Shagari, has won 41 of the 70 senate seats so far declared and may be within reach of a two-thirds majority in the 96-member body.

The success of the NPN in the presidential polling, when Mr Shagari had a 4m majority over his nearest rival, Chief Obafemi Awolowo of the Unity Party of Nigeria (UPN), appears to have had a bandwagon effect on subsequent polling.

The NPN has won 13 of the 19 state governorships (although at least two results will be challenged) and has already improved on its 1979 election performance in the senate results. On that occasion the NPN won 36 seats, the UPN 28 and the Nigerian People's Party (NPP) 16.

Two further rounds of voting are scheduled, with elections for the House of Representatives due to take place on Saturday, followed by State Assembly polls on September 3.

Of the Senate results declared so far, the UPN has won 12, the NPP 11, the People's Redemption Party (PRP) 5 and the Great Nigeria People's Party (GNPP) 1.

Should the NPN win a two-thirds majority in both the senate and the House of Representatives, President Shagari will, for the first time since he took office in 1979, have unchallenged legislative authority to implement NPN policy.

Meanwhile, the defeat of the former Biafran leader, Mr Chukumeka Ojukwu, for one of *the five senate seats in his home* state of Anambra has been officially confirmed. The outcome is a blow to the political ambitions of Mr Ojukwu, who is seen by some as a successor to the ageing Dr Nnamdi Azikiwe as the leader of the Ibo people of eastern Nigeria.

Iraq just manages to balance its books

By Patrick Cockburn in London

AS the third anniversary of the start of the Iran-Iraq war approaches, the main threat to Iraq is less of defeat on the battlefield than of economic attrition.

It is now over a year since the Iranians won a major battle against the Iraqi army. The war front has stabilised since Iran retook the port *city of Khorramshahr and captured* 30,000 prisoners. Iranian troops almost broke through to Basra, Iraq's second largest city.

Today the Iraqi army is still straining to defend the long border with Iran, especially since Iran opened a new front in the mountains of Kurdistan last month. But it defeated two Iranian assaults earlier this year in the flatlands north-east of Basra, where most of the fighting is concentrated.

However, it is the economy and the social strains of the war which are causing more concern. The problem is simple enough: Iraq startet the war with reserves totalling some $30bn, which have now dropped to between $2bn and $3bn. Figures from the Bank for International Settlements show Iraqi foreign assets outside the U.S. at only *$1.2bn at the end of 1982.*

As if to emphasise the seriousness of the financial situation, Iraq's President Saddam Hussein this month suddenly dismissed his Finance Minister, Mr Tamer Razzouki.

Iraq is wholly dependent on its oil exports; its next biggest export in 1980 was dates. But its main oil terminals in the Gulf were destroyed by the Iranians in 1980 and the trans-Syria pipeline closed last year, making it wholly reliant on the 625 mile-long pipeline from Kir*kuk to the Mediterranean via Tur*key, through which a maximum of 750,000 barrels a day (b/d) of crude can be exported.

The revenues this produces are by no means enough to pay for Iraq's needs. Apart from the costs of the war, which could be as much as $1bn a month, a vast range of military equipment has been ordered from suppliers such as the Soviet Union and France.

Iraq's financial position worsened in 1980-82 because of an extraordinary surge in Government spending. *In 1981 alone, when ministries* in Baghdad appeared to have no restraints on their spending, contracts worth at least $23bn were owed in the civil sector; Iraqi cities were crowded with foreign contractors and their workforces.

This could not last while the war went on. Last year few new contracts were awarded and by early 1983 almost all foreign companies were asked to find finance for their projects if they wished them to continue. There were few exceptions, apart from those schemes connect*ed with the war effort.*

Initially, the ministries in Baghdad and the central bank showed a lack of experience in arranging credit. Many companies complained of arrogance. Officials of the major Japanese trading houses were irritated that the Iraqis summoned them to Baghdad to arrange a $1.5bn rescheduling, rather than visiting Tokyo to do so.

The Iraqi Government delayed too long before making the spending cuts and there was also a shortage of experienced staff at the cen*tral bank and ministries to nego*tiate the new credit arrangements.

Since then, Iraq has been more successful in organising credit. France has been particularly co-operative and has just arranged a $1bn loan which will fund French civil contractors, but inevitably there have been casualties.

In Britain, Kier International, a subsidiary of French Kier, is taking legal action against Iraq to terminate an expressway contract for which the Housing and Construction Ministry in Baghdad called in the performance bonds last month. The French Kier group has had to pay £13m. Other companies have found their work declared not up to standard and payment delayed.

It is unlikely that Iraqi oil revenues will increase much, so the future of the economy is now dependent on the length of the war and aid from Gulf oil states. This aid was generous at the start of the war, but as oil exports and revenues drop there is a resistance to further payments from Kuwait, the United Arab Emirates and Qatar.

Saudi Arabia is the key donor. Earlier this year, its aid was put at $1bn a month, but the present level is unclear. It does, however, include oil revenues from the sale of 225,000 b/d of crude. Many bankers hope that Saudi Arabia will ultimately bale Iraq out because of its fear of the spread of the Iranian revolution.

Their hopes will probably be realised. Despite the Iranian offensive in Kurdistan, there is no sign that the Iranians are capable of cutting the one remaining Iraqi oil pipeline. Interest payments on the debt which Iraq is now piling up may be difficult to meet if the war goes on, but at present levels of expenditure, Iraq has just enough money for the war and essential civil imports. There is, however, no margin for error.

Careful expansion in first Hawke budget

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE AUSTRALIAN Labor Government yesterday presented its first budget since it came to power *last* March with a projected deficit of A$8.4bn (£4.9bn), nearly double that of last year.

Forecasting an economic growth rate of about 3 per cent in 1983-84, Mr Paul Keating, the Australian Treasurer, said that the coming year held the promise of "considerable improvement" in the country's economic performance. But he warned Australians that the country's problems were deep-seated and could not be resolved "quickly or by precipitate action."

Labor's broad policy, said Mr Keating, was to "provide the maximum fiscal stimulus to the economy consistent with its anti-inflation objectives, but without placing undue burdens on interest rates or the balance of payments."

In recent weeks, Mr Bob Hawke, the Prime Minister, has taken firm action to blunt demands by his Left wing for a deficit of A$10bn plus. Mr Keating said the net cost of Labor's new expenditure initiative was about A$650m, and that the Government had achieved its objectives by a genuine re-ordering of priorities.

Total outlay on social security and welfare will rise by an estimated 19.3 per cent, to A$16.8bn, in 1983-84, while extra money will be spent on employment and training, housing, capital works (including a major upgrading of airports), education, overseas aid and tourism. Defence spending will rise 10.4 per cent, to A$5.3bn. An aid package worth A$100m a year for the Australian steel industry has already been announced.

Last night Mr Keating said that spending under the Industrial Research and Development Incentives Scheme would be boosted by 36 per cent, to A$71.6m, mainly to aid development of new technology.

The Treasurer unveiled higher excise duties, raising the *price of petrol* by 2c a litre, cigarettes by 3c a packet and beer by 3c a bottle. In future, duties will be raised on a six-monthly indexed basis. Measures to encourage the maximum absorption by refiners of domestically-produced crude oil will raise estimated crude oil levy receipts by A$245m.

The anticipated budget deficit for 1983-84 of A$8.4bn represents 4.7 per cent of estimated Gross Domestic Product, compared with 2.8 per cent in 1982-83. Mr Keating said the 1983-84 deficit would prove "highly expansionary," but would be "well below that which we inherited after our predecessors' period of pork-barrelling."

He said the task of financing the deficit responsibly would be considerable, and that over the year to next June the Government would contain M3 growth in the range of 9 per cent to 11 per cent, against an estimated 13 per cent in the 12 months to *July*, 1983.

Total public expenditure growth in 1983-84 is expected to be about 4.5 per cent in real terms with aggregate real non-farm product likely to increase by about 2 per cent for the year as a whole.

Chris Sherwell in Manila reports on the aftermath of a murder

Serious embarrassment for Marcos

SUNDAY'S BRUTAL slaying in Manila of Senator Benigno Aquino, the Philippines' leading opposition figure, has provoked profound expressions of shock, forthright promises of a full investigation, and endless speculation over the mysterious circumstances surrounding his death. But, in the view of many, it seems unlikely to change the local political picture very much, at least for the moment.

On the face of it, the immediate crisis may already have passed. President Ferdinand Marcos, with his wife and Cabinet members at his side, went on live television late on Monday night to dismiss all speculation in this rumour-flooded city, and even wonder a little himself about the motives of others unhappy about the *senator's* return from exile in the U.S.

For the legal political opposition, which wants President Marcos to take responsibility for the appalling lack of security at Manila airport, the assassination has been depressing and dispiriting. Sen Aquino, an experienced operator in the Filipino political maelstrom, offered the splintered coalition a real prospect of unity ahead of next year's scheduled national assembly election.

An articulate, energetic and flamboyant figure, Mr Aquino, at 50, stood in stark contrast to the ailing 65-year-old President Marcos, whose physical appearance on Monday night shocked both foreigners and Filipinos. Even if the Senator had been arrested on arrival on the charges still pending against him, he would have been the best hope of an end to 17 years of Marcos rule.

But whether he could have achieved such a goal is open to question. The legal opposition, known as the United Nationalist and Democratic *Organisation (Unido), finally* came together as a party only in June. Its political base lies in the middle classes, although it has a broadly nationalist platform which could have wider appeal among a population where anti-American sentiment is reputed to be growing.

It does not however have the organisation or the resources to take on President Marcos's New Society Movement and win. Moreover, its fragmented character persists if its reaction to the Aquino assassination is any guide.

Although its well-known President, Assemblyman Salvador Laurel, and a couple of associates reacted visibly to the killing, the group seemed incapable of organising a quick popular response to the incident.

For both Unido and the Government, another test is now about to come. Mr Aquino's wife and family are due to return to Manila today to make plans for her husband's funeral. If the lengthy queues of mourning Filipinos who turned up to see the senator's body are any*thing to go by, the funeral will* be crowded. It is expected to be restrained unless either side handles it insensitively.

But it may be that the unofficial underground *opposi*tion to President Marcos poses more of a threat to his power.

The chief source of resistance to the President is the Communist Party of the Philippines, whose military arm, the New People's Army (NPA) has been fighting a guerrilla war in many provinces for decades.

Reliable assessments of strength are *difficult to come by*, but the Government acknowledges an NPA strength of 3,000 to 5,000 men. Diplomats put the figure higher, and agree that the worrying feature is the movement's expansion, both in support and in territory. The Government says this has happened only since it ended nine years of martial law in January 1981.

In addition, there is resistance from the Moro National Liberation Front (MNLF), an extreme Moslem secessionist group which has been fighting for 13 *years in the southern island of* Mindanao. The MNLF, whose Libyan *support* has been curtailed, is widely reckoned to have been subdued, if not suppressed.

Only about 5 per cent of the country is Moslem, so the Government faces little political difficulty on this front. Deep splits in the MNLF had helped considerably, and the Marcos Government has offered money, land and jobs to entice its members to surrender.

Buttressing these under*ground movements* has been a growing rural discontent fuelled by the excesses of the Government security forces and the overall impact of the Philippines' disjointed economic evolution. Dissatisfaction with the Government is also apparent in the deprived urban areas, especially in the sprawling capital, whose population has grown to 6m out of a nationwide total of 50m.

This urban discontent has yet to be demonstrated in political terms, however, and Filipinos have a reputation for being easy-going. On the other hand, few people are prepared to discount the pervasive influence of the Catholic church, which speaks out regularly against injustice and which even President Marcos has great difficulty in countering.

Mr Aquino's mother and her daughter mourn the death of the Opposition leader.

The current austerity plan embarked upon by the Marcos Government complicates matters further. This has entailed tax *increases, reductions in sub*sidies, cuts in Government spending, deferral of major capital projects, restraints on foreign borrowing and a devaluation of the peso.

The consequences of this strategy, which is designed to combat a huge balance of payments deficit, have even irritated many close to President Marcos. At one point, the position of the Prime Minister and economic overlord, Mr Cesar Virata, was at risk, and it was only at the end of May, after six weeks of speculation, that the President announced that Mr Virata would stay in place. Foreign bankers, who see him as the figure keeping the IMF-inspired strategy on course, were relieved.

President Marcos, his apparent ill-health notwithstanding, seems to remain firmly at the helm, with the crucial support of the army. But for a country with such a well-entrenched ruler and a need to be conscious of its image abroad, the assassination of Sen Aquino has come as a serious embarrassment.

Washington waits for inquiry in killing

THE FUTURE of U.S.-Filipino relations following the death of Mr Aquino depends on whether the Marcos Government pursues its investigation into the assassination in a "rapid, objective and credible" way, according to the words of one official, **Reginald Dale** writes from **Washington.**

President Ronald Reagan seems to have left open the *possibility that he might cancel* his planned stopover in Manila during his visit to Asia in November. But the official line is that there would have to be a very serious reason to do so.

Politically, Washington is aware of the importance that Mr Marcos, who it regards as a loyal ally, is attaching to the visit. On the security front, there is not as yet thought to be any reason for Mr Reagan to avoid Manila, and the President himself says that he is not worried about going.

Relations between the Reagan Administration and the Marcos Government have been warm, and the two leaders are said to get on well together personally. Mr Marcos was effusively welcomed in Washington during a state visit last September—his first to the U.S. in 16 years—and the Administration continues to regard the Philippines as of major strategic importance.

The two U.S. bases at Clark Field and Subic Bay—once vital to American military operations in Vietnam—are seen as a key link in the communication and supply lines between U.S. naval forces in the Indian Ocean and the U.S. mainland and Hawaii. They have also become crucial in monitoring Soviet naval forces travelling between Vladivostock, Vietnam and the Indian Ocean.

Under a new agreement signed on June 1, the Administration undertook to ask Congress for economic and military aid to the Philippines worth $900m over the five years from fiscal 1985, starting on October 1 next year, up from $500m over the current five-year period.

The importance of the bases, and the Philippines's historical links with the U.S. as a former colony, have ensured continuing close relations, which *Washington believes are bound* to persist even after Mr Marcos goes.

Nevertheless, the Administration will be watching closely to see how Mr Marcos handles the assassination aftermath, and Congress, which must grant the aid under the bases agreement, will be especially alert. If the Government is found to be in any way involved in the assassination, there is bound to be a major outcry in Washington, regardless of the strategic importance of the Philippines.

Morocco may be forced to reschedule debt payments

BY OUR FOREIGN STAFF

MOROCCO, with a foreign debt of $10bn (£2,671m) may soon be forced to follow Sudan by becoming the second Arab country to reschedule debt repayments. Despite denials by Moroccan officials, bankers cite the country's current account deficit —$1.8bn by the end of 1982 and *now standing at $2bn—together* with a dramatic fall in reserves as evidence of the impending decision.

It is possible, however, that King Hassan may move to staunch the financial haemorrhage of the war in the Western Sahara by greater flexibility in negotiations rather than reschedule Morocco's debts. The burden of the war has become all the greater since the decline in aid from the Gulf following the fall in Arab oil revenues.

Morocco has so far managed to maintain repayment schedules, covering interest *payments alone of $850m in* 1982, through bank loans and invisible earnings of $1bn remitted by Moroccans working abroad and by earnings from tourism which rose 16 per cent in 1982. The monthly fluctuation of the reserves position, which has so alarmed banking circles with gold reserves falling to $75m in May, must be set against the general pattern of reserves during 1982. Morocco's reserve position fluctuated, from $230m in January, 1982, to $97m in September, recovering to $218m by the end of the year and plunging again to $28m in *February of this year.*

Morocco has covered this weakness with short and medium-term loans from the World Bank and commercial banks in Europe and the Middle East together with aid from Gulf states and the Arab Development Fund. Recently, the Government arranged a standby loan from the IMF, at 100 per cent of Morocco's quota —$236m—through the signature of a letter of intent that is to be formally approved by the IMF next month.

In addition to these measures, the Government, with a determination that is reminiscent of 1981 when a *similar crisis* erupted, and with IMF support, has pushed an emergency amendment to the 1983 Finance Law through the Moroccan Parliament. In one of its last acts before the anticipated October elections, parliament approved in July an amendment which is to reduce subsidies on essential foodstuffs by 20 per cent, cut public expenditure by 12 per cent, eliminate 19,000 posts from the country's swollen civil service, and increase taxes on high income groups and tax remittances from abroad.

In order to defuse popular *anger which could well reach* the level of the June, 1981, Casablanca food riots, the national minimum wage in agriculture and industry was raised by 20 per cent. The measures came into effect on August 1, causing price rises for basic foodstuffs of between 6 and 67 per cent.

Sri Lanka curfew shortened

THE Sri Lankan Government said that a night curfew imposed on 12 of the 24 districts in the island to curb ethnic violence would be reduced to five hours from today, Reuter reports from Colombo.

A nine-hour curfew has been operating in most of the districts including Colombo, for several days following last month's rioting in which more than 385 people died and hundreds of homes, shops and factories belonging to minority Tamils were damaged or destroyed.

Officials said the curfew had enabled troops to be moved to the hill town of Kandy, where anti-Government forces had threatened to bomb the local pageant.

Ex Minister denies charges in Burma

BO NI, former Burmese Home Minister, has pleaded not guilty to a charge of misappropriation of public funds

The court ruled yesterday that prosecution has succeeded in establishing a prima facie case against him, showing he had misappropriated U.S.$1,500 out of $25,000 drawn by him from the Government for his official trip to London last January to study census-taking

India to buy 25 Dorniers

By D. P. Kumar in New Delhi

INDIA will shortly sign an agreement with West German manufacturers of the Dornier 228 for the purchase, initially, of 25 aircraft. Financial details of the proposed deal were not disclosed.

Some of the 19-seater Dorniers, costing roughly $103,600 apiece, will be used by the domestic feeder airliner, Vayudhoot, and the rest by the Indian air force and navy.

The short-haul Dornier has been chosen after years of dithering and intense lobbying by several aircraft manufacturers.

Brazil set to win IMF approval for refinancing plans

BY ANDREW WHITLEY, IN RIO DE JANEIRO

BRAZIL yesterday appeared to have overcome a major hurdle in the way of its new debt refinancing programme. M Jacques de Larosiere, managing director of the International Monetary Fund, was reported to have approved the outline technical agreement reached between Brazil and the Fund two weeks ago.

Sr Ernane Galveas, the Finance Minister, said late on Monday that M de Larosiere had endorsed the revised Brazilian economic adjustment programme in Paris last weekend during meetings with Sr Antonio Delfim Netto, the Planning Minister.

Final details of some of the domestic and external targets Brazil had been set for 1984, however, remain to be settled.

To wrap up the IMF accord, two top Brazilian officials, from the central bank and the Planning Ministry, were due to leave Brasilia for Washington last night.

After months of periodically intense negotiations and several false dawns, the talks last weekend in Paris appear to have paved the way for an agreement between Brazil and the Fund.

The Brazilian authorities are now switching their attention to their international bank creditors.

Sr Carlos Langoni, the central bank governor, is expected to attend important meetings of the advisory group of leading creditor banks in New York today and tomorrow. The group will study the figures gathered by its economic sub-committee in Brazil in recent weeks.

Over the next two days the advisory group, chaired by Citibank, the Brazilian central bank team and the banks' economists are likely to be discussing Brazil's cash needs for the rest of this year and laying the groundwork for the launch of next year's "jumbo" loan.

Reports from Brasilia indicate Brazil is anticipating a current account deficit of between $6bn and $6.5bn next year. Most of the deficit will have to be financed by the international money market.

To meet this year's shortfall of $3.6bn to $3.7bn—and rebuild the central bank's reserves by an IMF-required $500m—one possibility under consideration is the speeding up of the disbursement of the existing $4.4bn jumbo loan, according to Western bankers in Brazil. In any case, $1.27bn is due to be released by the end of this month.

Meanwhile, bankers are hoping the IMF will indicate its approval of Brazil's adjustment programme some time within the next week—before the August 31 deadline for the repayment by Brazil of some $400m due to the Bank for International Settlements.

● The Paris Club of Western creditor nations will meet in mid-September to discuss Brazil's request for a renegotiation of its debt to other governments and govenment institutions, AP-DJ reports from Washington. It was earlier reported that the session would not be held until after September.

Mexico poised to sign rescheduling accords

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO is poised to sign a first batch of rescheduling agreements on its $84bn (£55bn) foreign debt exactly a year after it was first declared insolvent.

Due for completion this Friday in New York are agreements deferring repayment of some $10bn in debt owed by the Mexican Government, its state oil monopoly Pemex and development bank Nafinsa.

The signing will be followed by agreements covering other states agencies, bringing the total rescheduling to some $19.7bn.

It will mark an end to a year of difficult negotiations during which a temporary moratorium on debt repayments to bank creditors has had to be extended several times.

The rescheduled debt is to be repaid in eight years and will bear interest at a margin of 1⅞ per cent over Eurodollar rates or 1⅝ per cent over U.S. prime rate.

Meanwhile. Mexico has made further progress on the long road to financial recovery with payment this month of another 10 per cent of private sector interest arrears incurred in the immediate aftermath of last year's crisis. It has now paid some 35 per cent of the total $650m in arrears.

The strong improvement in Mexico's current account balance of payments—which was in surplus of $2.5bn during the first half of this year—means it is now expected to continue making instalment payments on these arrears.

Previously, Mexico was expected to ask bankers to refinance unpaid arrears after this September in the form of a "roll-up loan," amounting to as much as $500m.

Such a loan, which would not have constituted new money, will now prove unnecessary, bankers believe.

A re-election bid may be a mixed blessing, writes Anatole Kaletsky

Reagan: the risks of a second term

PRESIDENT Ronald Reagan will soon be taking the most important decision of his Presidency, one that will send powerful shock waves through the world's financial markets. Between early September, when he returns to Washington from his holiday in California and mid-November, when he takes off on a major Asian trip, Mr Reagan will announce whether or not he is going to run for a second term in next year's election.

When he does this, the U.S. could abruptly lose its status of a political "safe haven" which has been used, for the past two years, to explain the prodigious strength of the dollar after all other arguments have failed.

As the moment approaches for Mr Reagan to fire the starting pistol for the election campaign with his announcement, the markets may have to re-examine the three assumptions on which the present complacency about the U.S.'s political future rests—that President Reagan will stand for re-election, that he will win a second term without much difficulty, and that a second Reagan Presidency would be less prone to monetary and fiscal crises than the first.

Firstly, it is not yet a foregone conclusion that Mr Reagan will run. At 72, he is beginning to feel his age and, what is worse, to show it. His hearing lapses are becoming more frequent, his attention span is getting oever shorter and his rambling reminiscences and anecdotes more disconcerting. Uone of this augurs well for a two-term Presidency stretching nearly to his 78th birthday.

One theory maintains that Mrs Nancy Reagan is determined not to let her husband exhaust himself or visibly decline in office. Now that the economic recovery is clearly under way, that America is "rebuilding its defences" and that inroads have been made into "big Government," the "Reagan revolution" has unmistakenly been started.

His wife could therefore persuade him to retire with honour, if not glory. As former actors, both Mr and Mrs Reagan realise, it is said, that it is best to leave the stage while the crowd is still applauding.

If Mr Reagan were to decide not to run, there would be a deluge for the Republican Party nomination. Many of Mr Reagan's own Right-wing supporters would probably refuse to back a Centrist candidate such as Vice-President George Bush or Senators Robert Dole or Howard Baker. On past form, a vicious battle between a candidate of the Right, like Representative Jack Kemp and the Centrists could easily split the party almost beyond reconciliation for the final fight against the Democrats.

The Democrats would also represent Mr Reagan's withdrawal as an admission of his party's failure. The Republican side, meanwhile, would have lost its greatest asset—Mr Reagan's attractive personality and the reservoir of awe which an incumbent President automatically commands.

But if Mr Reagan does decide to stand, will the pace of the current economic recovery then virtually guarantee his re-election? This appears to be the dominant market expectation in both the U.S. and overseas. But there are some clear indications already that the elections could be tougher on both the markets and on Mr Reagan than the simple equation between economic recovery and Reagan popularity might suggest.

Firstly, the economy is unlikely to be the only issue in the election. By November, 1984, it will probably be performing neither disastrously badly, nor spectacularly well. The current euphoria about the economy could easily give way to indifference if conditions are still improving gently, or disillusionment if the improvement appears to have stopped.

Thus the economy could be no more than a neutral factor for Mr Reagan in an election dominated by other issues, such as foreign policy, arms control and perceptions about the President's "unfairness" between rich and poor. The Democrats are firmly convinced that the latter is their best issue. Mr Reagan scores badly on all three in the polls at present.

If Mr Reagan looks like overcoming these handicaps, the most ominous uncertainties of all could arise for investors, ironically, from a resurgent President Reagan returning to the White House for a second term.

The markets still appear to believe firmly that there will be major action to reduce budget deficits from 1985 onwards. But Mr Reagan's instinctive opposition to all tax increases and his "indication" by the present economic recovery, coupled with his desire to brand Democrats as the party of high taxes, could produce an escalation of anti-tax rhetoric which will make it all but impossible for Mr Reagan to restore the long-term fiscal balance of the U.S. Government.

Reagan: beginning to feel his age.

The Presidential election could then set the markets on a course between Scylla and Charybdis (the clashing rocks between which Ulysses had to sail). Would they hope for a second-term President Reagan, complete with ever-growing deficits, a possible resurgence of inflation and repeated monetary and fiscal crises? Or would they prefer a "traditional" Democrat in the White House for the first time since Lyndon Johnson left office in 1969?

Either way investors in the U.S. should prepare for a stormy election year.

Hurricane damage claims may top $1bn

By William Hall in New York

HURRICANE ALICIA, which wreaked havoc along the Texas coast of the Gulf of Mexico last week, could be one of the costliest storms ever for U.S. insurance industry. Early estimates suggest it could generate claims of over $1bn (£654m).

The storm, which cost at least 17 lives and caused chaos in Texan cities such as Houston, comes at a bad time for the U.S. insurance industry which is facing serious pressures on its profitability.

The American Insurance Association says its preliminary figures on claims resulting from Alicia total $675.5m and Gab Business Services, a major U.S. loss adjuster, estimates claims will top the $1bn mark.

Hurricane Frederick, which devastated the coasts of Alabama and Mississippi in 1979 and cost some $752.2m, was the last major storm to generate heavy insurance losses.

Hurricane Betsy, which cost U.S. insurers $715m in 1965, remains America's costliest storm in inflation-adjusted terms.

AP-DJ adds: Alicia "is going to make the third-quarter results look worse than they otherwise would," said Mr Michael Frinquelli, an analyst at Salomon Brothers. "But it's going to help in 1984" by accelerating the turnaround in rates, he added.

Insurers have been slashing their rates on commercial insurance policies since 1979, because they have had available a huge pool of capital.

Big insurers have flown hundreds of extra claims adjusters into the battered Galveston-Houston area in recent days. Analysts believe the company hardest hit by hurricane claims is likely to be State Farm Mutual Insurance.

Reagan backs arms build-up

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan yesterday strongly defended his arms build-up and his efforts to "halt communism" in Central America, while renewing his onslaught on the "so-called peace movement."

In an address prepared for delivery to the American Legion's annual convention in Seattle, he compared the approach of the peace demonstrators to the appeasement policies of Mr Neville Chamberlain, Britain's pre-war Primte Minister, which, he said, had brought the onset of World War Two closer.

Peace was an objective, not a policy, Mr Reagan said, and "those who fail to understand this do so at their peril."

Mr Reagan insisted, however, that he was not seeking an arms race with the Soviet Union and said he had no intention of building his controversial MX intercontinental missile as a first-strike weapon.

"Our country has never started a war, and we have never sought, nor will we ever develop, a strategic first-strike capability," Mr Reagan said.

Turning to Central America, Mr Reagan said there was a "democratic revolution" going on in the world. "The tide of history is with the forces of freedom—and so are we," he said.

Mr Reagan spoke as major new naval manoeuvres got underway in the Western Atlantic and the Caribbean. These involve 32 U.S. ships, two from Britain and one from the Netherlands. The training exercise, known as "Readex-2 83," was strictly routine and quite separate from Mr Reagan's "Big Pine 2" land and sea manoeuvres in Honduras, the Pentagon insisted.

Washington officials admitted, however, that six of the U.S. ships, led by the nuclear-powered guided missile cruiser USS Mississippi, would join the U.S. aircraft carrier Coral Sea in its operations off the Caribbean coast of Central America.

Reuter adds from Tegucigalpa: The Honduran Government is pressing for a permanent U.S. naval base in the country after the current U.S. military manoeuvres end, diplomats said yesterday. A permanent base would cost up to $200m.

U.S. inflation rate drops

WASHINGTON — U.S. consumer prices, held in check by falling food costs, rose a moderate 0.4 per cent in July, according to Government figures.

For the first seven months of 1983, retail prices rose at an annual rate of just 3.2 per cent, compared with 3.9 per cent for the whole of last year. Prices over the last 12 months have risen only 2.4 per cent—the smallest gain in 17 years.

The figures, released on Monday, also showed that a modest 0.4 per cent increase in gasoline costs helped hold down the overall rise in June's consumer price index. Those prices were 2.7 per cent lower than a year ago, despite May's 4.2 per cent surge and June's 0.7 per cent gain.

The 0.1 per cent drop in food prices resulted largely from cuts in meat prices, a trend which is likely to be reversed next year. Food prices overall dropped 0.3 per cent in June, the steepest one-month plunge in seven years.
AP

Pershing test flight plan

WASHINGTON—The U.S. army is prepared to conduct one of the final test flights of its new Pershing 2 ballistic missile in early September after X-ray checks to make sure its engines are clear of a problem that destroyed a test missile late in July.

Major Robert Pilnacek, an army spokesman, said technicians had discovered that the failure which caused destruction of the Pershing in late July was due to "an anomaly with that missile alone."

Mr Caspar Weinberger, U.S. Defence Secretary, last week expressed confidence that the Pershing missile test programme would be completed in time to permit the first deployment of the weapons in West Germany starting in December.

The army claims 12 successes in 16 test flights of Pershings

Major Pilnacek said he expects the 17th test, which has been delayed by about four weeks because of checks, will take place in early September,
AP

IATA members set winter tariffs for N. Atlantic routes

BY LYNTON McLAIN

A FARES war on the north Atlantic this winter has been avoided with the agreement yesterday by airlines flying the route to raise first class and economy fares by about 12 per cent and launch a cut-price mid-week £249 fare between London and New York. Stand-by fares on the routes are to be dropped for the winter.

The economy fare is to rise by 17 per cent to £199 single. First-class fares will go up by 3 per cent to £993 single and club-class fares will rise by 2½ per cent to £449 single, all with effect from November 1, compared with fares last winter.

The member airlines of the International Air Transport Association avoided a split after Pan American agreed to attend a tariff co-ordinating meeting in Montreal earlier this month. Pan American had threatened not to attend the meeting if there was no prospect of harmony and a simplification of fares.

IATA members had until yesterday afternoon to telex any objections they had to the fare proposals. No airlines objected by the deadline and the fares are expected to be introduced on north Atlantic routes between Britain and the U.S., starting on September 15, subject to approval by the two governments.

The new £249 London-New York return fare is an advanced purchase excursion fare. It has tighter restrictions than the £286 APEX fare of last winter and requires passengers to book 45 days ahead, instead of the usual 30 days.

British Airways, one of the airlines on the route, said last night that a normal APEX fare will still be available at £298.

The decision to drop stand-by fares on the North Atlantic this winter follows a decline in patronage for this type of cheap fare. Only 3 to 4 per cent of BA's fares this summer came from stand-by tickets, compared with 10 to 12 per cent two years ago.

A new fare to be introduced on September 15, if the governments give their approval, is the proposed special economy fare. This is expected to be cheaper than the standard economy fare, but will only be available to passengers who do not require to make interconnections with other air services. It will also only be available as a single, with the return fare at double the single rate.

The airlines last night were still working out their fare details before making comprehensive statements about the new fares. It is understood, however, that the first class and economy fares to come into effect from November 1 will be between 12 per cent and 14 per cent higher than last year.

Saab-Scania contract for McDonnell Douglas parts

BY DAVID BROWN IN STOCKHOLM

SAAB-SCANIA, the Swedish car, truck and aerospace group, has announced its aerospace division will supply advanced aircraft components worth SKr 100m (£8.4m) to the McDonnell Douglas Corporation in the U.S.

The multi-year contract involves spoilers of a carbon fibre composite for use on the updated DC-9 super 80 commercial airliners, MD-82 and MD-83.

The deliveries are to commence in mid-1984 and will eventually reach "several hundred" spoilers in all, according to Mr Hans Andersson, a company official.

Each aircraft has six of the components, which are used to reduce airspeed and lift. Carbon fibre composites are 15 to 25 per cent lighter than traditional alloys and improve operating economy.

The California-based aircraft company has also purchased inner wing flaps for its DC-9 series under a continuing contract with Saab aerospace which was signed in 1977 and valued at about SKr 200m at current exchange rates.

Saab Scania is developing a range of carbon fibre components in connection with a new Swedish multi-role combat aircraft, the JAS 39, one third of which will be built of composites. "This order is important because we can now start high volume production," said Mr Andersson.

The aerospace division reported four months' sales of SKr 505m this year, compared with the SKr 328m achieved during the same period in 1982. The increase was due to higher deliveries of military aircraft.

Michael Field analyses the background to a successful regional development policy

Saudi Arabia nurtures its provinces

THE REMOTE and relatively undeveloped areas of Saudi Arabia which are always referred to in the Kingdom as "the provinces" seem to have been little affected by the fall in Government spending this summer.

In the first four months of the current financial year from April, spending dropped by 6 per cent compared with the previous year. The Government has given no breakdown of where the reduction in spending has been greatest, but major projects in the big cities seem to have been delayed, rather than smaller provincial developments.

Part of the reason why the provinces are surviving the cuts relatively unscathed is political. The Government was greatly disturbed by the Mecca uprising in 1979, when a large group of religious fanatics, many of them recruited in rural areas, occupied the Grand Mosque.

The rebels were not inspired by economic grievances, but the Government realised that if its people in the provinces felt themselves to be neglected, they would be more likely to rally to any rebellious preachers who might appear in future.

Direct Government spending in the provinces since 1980, when the third Five Year Plan began, has gone to the construction of rural roads and schools and programmes to connect villages to the Kingdom's electricity grid and telephone system.

In the northern province of Hail, which in 1980 was given a new, dynamic governor, Prince Muqrin bin Abdel-Aziz al Saud, there are now 1,040 miles of agricultural roads under construction and a further 625 miles about to be started.

During the rest of this year, 17 villages in the province will be connected to the national telephone system. Nearly 7,000 plots of land of an average 100 acres each are about to be given to farmers.

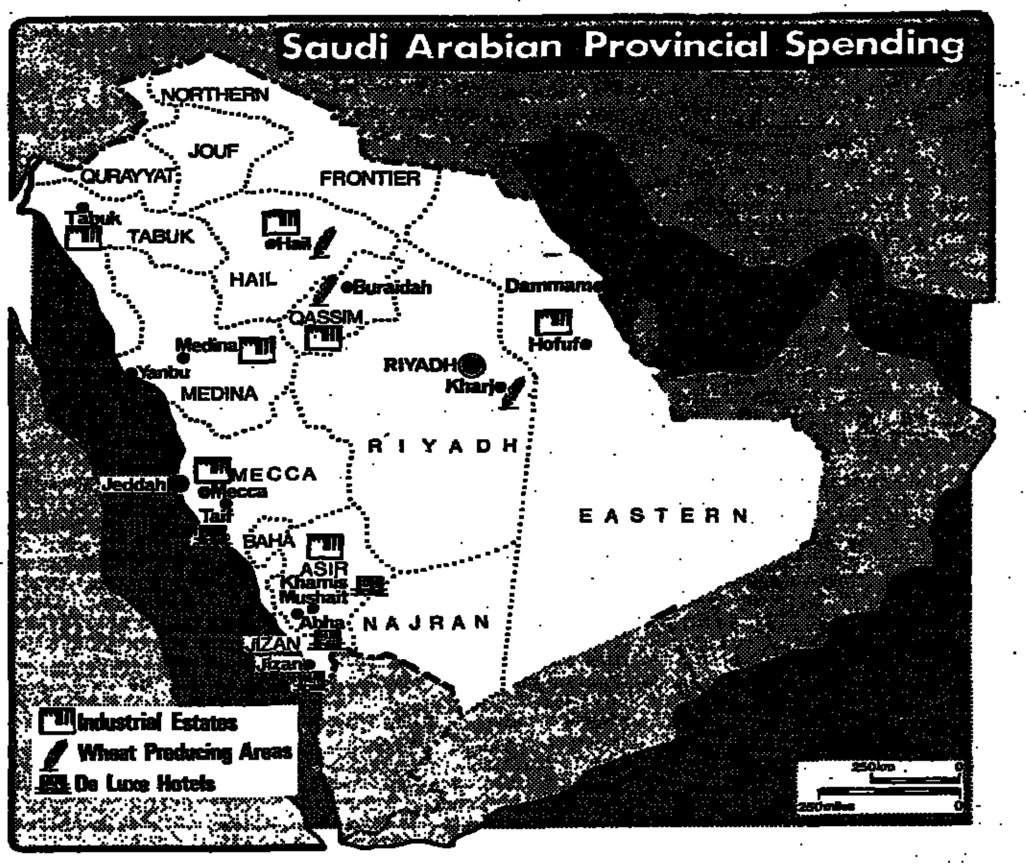
In the same province the Ministry of Rural Affairs has drawn up plans for 50 modern villages, incorporating clinics and tarmac feeder roads connecting them with the main highways.

In Hail, as in other provinces, the expenditure of the last three years has run well beyond what was envisaged in the Third Plan.

The help which the Government has given to provincial development by stimulating private sector investment in industry and agriculture has been as important as its own direct spending on infrastructure.

It has under construction, or at various stages of planning, industrial estates near Buraidah in Qassim and near Khamis Mushait in Asir, as well as at Hofuf, Mecca, Medina, Hail and Tabuk. In Qassim there are already 25 factories built, but elsewhere the establishment of new plants has been affected by the downturn in private sector investment in the Kingdom as a whole.

Much more spectacular has been private sector investment in agriculture. This has happened on such a scale that the Kingdom, with a population of some 8m, is expected to become self-sufficient in wheat in 1984 or 1985. Agricultural investors have been encouraged by a huge range of government subsidies, interest-free loans and support prices.



The profits made from agriculture and work on Government projects are being ploughed into real estate developments and more modern trading businesses. In one provincial town, Khamis Mushait in Asir, there is now a hotel of the same standard as the best in Riyadh and Jeddah.

The provincial boom has prompted the Committee for Middle East Trade (Comet), the British Government's export promotion agency for the region, to publish a special report on the country*.

The report covers the building of military bases, which have already been responsible for much of the development in Tabuk and Khamis Mushait, agriculture, water resources, industrial estates, banking in the provinces and the system of provincial government.

There are other chapters on the pros and cons of exporters and contractors appointing their own agents in the provinces and on the leading merchants in each provincial centre. The last of these lists some 100 trading houses, with comments on their activities.

The type of development under way in the Saudi provinces is particularly suited to British companies, Comet says. The British have not been successful in winning the type of mega-contract associated with Riyadh and Jeddah or the industrial cities of Jubail and Yanbu, but they are regarded as being quite competitive on smaller-scale contracts.

* *Regional Development in Saudi Arabia, 60 pages, £10.00 (£11.50 post paid to Saudi Arabia) from Comet, 33 Bury Street, London SW1Y 6AX.*

Norwegian companies form oil consortium

By Fay Gjester in Oslo

SEVEN LEADING companies in Norway's offshore related industry have established a new concern, Boconor, which will seek to win orders in connection with petroleum exploration and development in the USSR's part of the Barents Sea. Boconor stands for Barents Offshore Consortium of Norway. Its initial share capital is NKr 1.4m, with each member holding NKr 200,000 (£17,722). It will be represented at the Soviet Petroleum Exhibition in Baku in September.

One of the Boconor partners, Norwegian Petroleum Consultants, booked a contract from the USSR four months ago. Under that deal, which involved the co-operation of the other six, NPC undertook to draw up a blueprint, with price estimates, for the exploration and development of several fields with different parts of the USSR's Barents Sea shelf. The blueprint, or "master plan," aimed to show what goods and services Norway could provide, if and when the USSR should step up its Barents Sea search and find fields worth exploiting.

To date, the Soviets have drilled only a few wells in the area, and have reportedly found "traces" of hydrocarbons in some of them.

The formation of Boconor is a follow-up of earlier efforts — energetically backed by Norway's Export Council and Trade Ministry—to give Norwegian industry a head start in what could be a lucrative, nearby market.

Partners in the new firm are, in addition to NPC, Det Norske Veritas (rigs and ships classification, materials testing, quality control; Geco (seismic surveys); Kangsburg Vapenfabrikk (state-owned electronics and engineering firm — which also makes weapons); Moss Shipyard (representing the Kvaerner heavy engineering and fabricating group); Stord Shipyard (representing the Aker fabricating group), and Norwegian Contractors (producers of concrete platform foundations).

Singapore bus deal

COACHBUILDERS Walter Alexander of Falkirk in Scotland have won a £6m order to supply 400 double-decker bus body kits for the Singapore bus service, Mark Meredith reports from Edinburgh.

The kits are to be assembled in Singapore for 200 Leyland chassis and 200 Mercedes Benz underframes.

Joint polyimid venture for Rhone-Poulenc and Mitsui

BY DAVID MARSH IN PARIS

RHONE-POULENC, the French nationalised chemicals group, has signed an agreement with Mitsui Petrochemical Company of Tokyo covering joint manufacture and marketing in Japan of specialised polyimid resins.

The two groups are to set up a jointly-owned 50-50 concern, called Nippon Polyimid Company, to handle Japanese activities in the resins, used particularly in electrical equipment, the cars and aerospace industries and other forms of precision engineering.

The collaboration is the latest in a series of Japanese joint ventures agreed over the last few years by Rhone-Poulenc, also covering agrochemical, pharmaceutical, film and silicone products.

The company's stake in the joint venture will be held by its speciality subsidiary Rhone-Poulenc Specialites Chimiques. The French group has already co-operated for several years with Mitsui Petrochemical in developing polyimid resins, sold under the brand names of Kerimid and Kinel. Rhone-Poulenc, the sole world maker of polyimid resins, has signed a licence agreement to transfer the necessary technology to the new joint subsidiary.

Tanzania signs barter deal with E. Germany

DAR ES SALAAM—East Germany has agreed to supply 10,000 bicycles and other manufactured goods in exchange for Tanzanian coffee, cotton, tea and tobacco in a barter agreement signed this week, according to Radio Tanzania, AP reports.

The pact, which takes immediate effect, followed five days of talks between trade representatives of the two countries, it said. East Germany has also agreed to send medical equipment, textile dyes, livestock, drugs and soap in return for Tanzanian agriculutral products.

Pakistan set to continue conventional trade

KARACHI — Pakistan will not follow other third world countries in demanding its industrialised trading partners conduct commerce with it on a barter basis, Federal Commerce Secretary Izharul Haq said.

Barter would be difficult to integrate into the country's import policy, since most purchases were made by the private sector; and it would go against some international trading rules, he told a trade seminar.

Barter, which eliminates the need for money and assures importing countries a market for their exports, has gained favour among developing countries as bank loans have been drying up. Indonesia has led the way, insisting on barter for deals with all foreign suppliers.

Haq told the seminar Pakistan planned to continue its policy of selective tariffs on imports to help domestic industries develop. But it would not resort to total bans on foreign products, he added.

He said Pakistan still faced a perennial deficit in its foreign trade, despite an upsurge in exports since 1979. He blamed this on high prices for imported oil and a slump in the value of commodities such as rice, which Pakistan can export.

Reuter

ENERGY REVIEW

U.S. offshore lease programme faces stiff fight

The new leasing programme marks a fundamental change in U.S. attitudes to its offshore energy resources and has run into strong criticism. **William Hall** in New York explains why

TODAY'S AUCTION of offshore oil leases in the western Gulf of Mexico looks like being another bonanza for the U.S. Department of the Interior. While the sums raised are not expected to match the $3.4bn raised in another Gulf sale in May, the big oil companies are lining up to bid for acreage in one of the biggest offshore lease sales in U.S. history.

Their enthusiasm for extra acreage at a time when there is considerable excess production capacity, particularly for natural gas, seems strange at first sight. However, the oil companies interest is fuelled partly by their need to increase their long-term reserve levels and perhaps more important by a fear that they may never get another chance to win so much acreage at one go. If Congress has its way the current sale might be the last for some time.

The oil companies' fears are not without foundation. For decades the U.S. Federal Governmen, which owns all the offshore acreage from three miles seawards and beyond (the states own the acreage close to shore), has released tiny parcels of acreage on the Outer Continental Shelf (OCS) for exploration purposes. In the 28 years to 1982 21m acres or just 2 per cent of the OCS had been leased.

One of the first acts of the new Reagan Administration was to speed up the process of leasing offshore acreage and Mr James Watt, the Secretary of the Interor drew up an ambitious five-year plan which involves some 1bn acres being considerd for leasing, equivalent to the entire OCS.

The new leasing programme unveiled just over a year ago marks a fundamental change in U.S. attitudes to its offshore oil resources and has attracted fierce criticism. Much of it stems from environmental fears about the damage which widespread U.S. development of the OCS could cause.

Mr Watt, one of the most controversial figures in the U.S. Administration, has been subjected to a barrage of court actions, some of which have been successful in delaying lease sales. However, his biggest challenge is coming from Congress which is considering several Bills which could jeopardise the entire five-year OCS leasing programme.

The main threat is concentrated in the Democrat-controlled House of Representatives which has passed a Bill covering next year's budget for the Department of the Interior which, in effect, refuses money for the conduct of future lease sales. This will result in a moratorium of at least a year on auctions if it is passed.

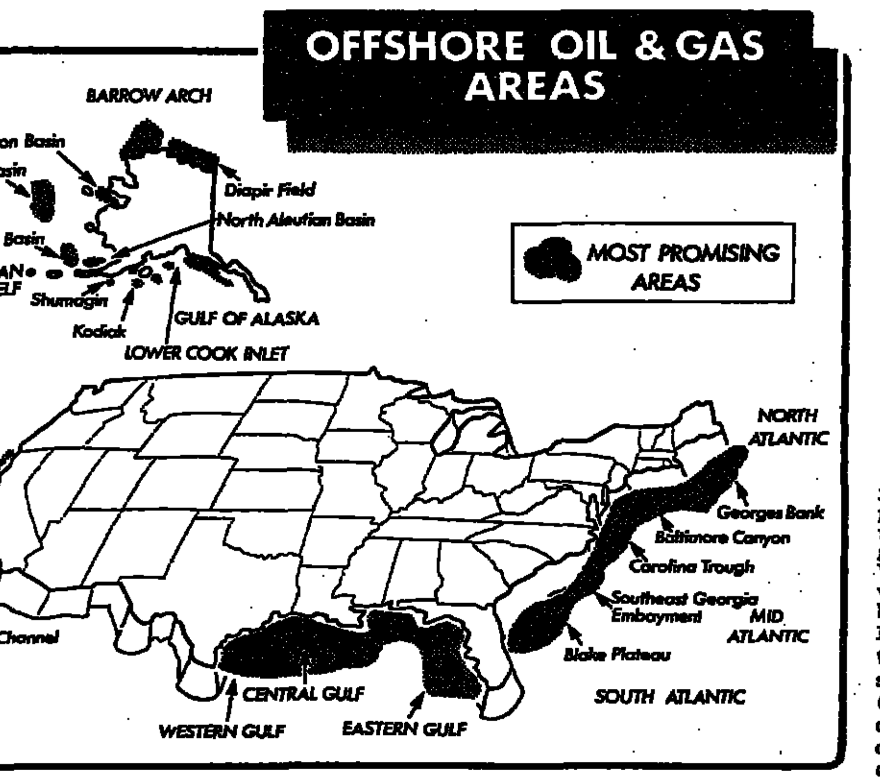
The House of Representatives had indicated that it believes that the moratoriums should be for longer periods and will consider this when it reviews the following year's budget for the Department of the Interior. The Bill still has to be approved by the Republican-controlled Senate and it is understood that there is widespread sympathy for the moratorium for offshore leasing activity amongst senators from Massachusetts and California in particular.

While one of the Administration's aims in accelerating its offshore leasing programme sharply was to boost its revenues, the main purpose of the five-year programme was to reverse the steady decline in U.S. offshore oil production. The U.S. geological survey has estimated that offshore drilling could provide as much as 56 per cent of America's future domestic crude oil and 36 per cent of its future natural gas.

Consequently the controversy surrounding the OCS lease sales has polarised between the strong environmental lobbies which oppose offshore drilling per se and the oil company and Administration camps which believe that an increase in leasing activity is essential for the future security of America's long-term energy needs.

Most people believe that the U.S. Government's decision to move over to an area wide or "open-leasing" plan is the single most important factor behind the upsurge in interest in the Gulf of Mexico. Previously the Government had selected sale tracts from among those nominated by the oil industry. Typical bidding would be limited to 75 to 175 tracts selected by the U.S. Department of the Interior.

The area wide leasing procedure, first introduced in the mid-Atlantic offering last April puts the onus on the oil companies to choose the area which they want to bid for. This makes it more difficult for the industry to isolate potential prospects but oil companies prefer the flexibility.



The change in leasing tactics reflects Mr Watt's free enterprise philosophy and his belief that the oil industry rather than government specialists in Washington should decide which tracts they would like to bid for. The Department of the Interior still reserves the right to refuse bids and is anxious to stress its environmental record (a total of only 791 barrels of oil have been lost due to loss of control at the well head out of over 4bn offshore barrels produced over the past decade).

Nevertheless, Mr Watt is determined that offshore oil and gas should provide a growing part of the country's resources and one of his missions at the Interior Department has been to overhaul the U.S. offshore lease programme which he described as "convoluted, duplicative and in disarray."

When he took over the Interior Department he was dismayed to find that the U.S. was the only country whose offshore oil production was declining and it had fallen by a third in the previous decade. In addition, he found that in 28 years only 2 per cent of the Outer Continental Shelf had been leased. Previous policies called for the government to continue leasing at only one tenth of 1 per cent a year even though estimates suggest that two thirds of all the oil and gas yet to be discovered in the U.S. is expected to be offshore.

Mr Watt's plan to accelerate sharply the development of the U.S. oil and gas resources from the Outer Continental Shelf, which takes in all Federal-owned waters from three miles offshore, was finally announced last July after close to two years of debate, much of it controversial.

The plan is that there will be 12 lease sales in the Gulf of Mexico, 16 in offshore Alaska, 4 off California, 8 off the Atlantic coast and one re-offering sale. The timetable called for five sales in 1982, seven in 1983, eight in 1984, nine in 1985, eight in 1986, and four in the first half of 1987.

The sales off Alaska are of particular interest because of the fact that they involve areas believed to be of high potential which have not been explored. The Alaska Outer Continental Shelf contains 35 per cent of the estimated undiscovered oil and gas resources and Alaska contains over half the total offshore acreage of the Outer Continental Shelf programme.

However, opposition has continued to the proposals with the result that half of the proposed sales so far have been delayed in the first year.

The amount of money the U.S. Administration hoped to raise from the lease sales was overly ambitious initially but officials at the Department of the Interior believe that despite the attacks on the programme which continue to proceed through the courts, the new policy is beginning to show results in terms of its basic objective of stimulating exploration in U.S. offshore waters.

Mr Watts notes that offshore exploratory drilling has doubled over the past year and projected oil resources for the entire OCS are equivalent to 20 years of imports at 1981 rates. Projected natural gas resources are estimated to be sufficient to heat 23m homes for 50 years.

It is still too early to judge the success of the U.S. Administration's ambitious offshore leasing programme. Some of the areas which have been up for lease have flopped badly, attracting little attention from the oil industry. Meanwhile there is a widespread view, not all of it external to the oil industry, that too much acreage is being put up for lease. This is wasteful since it means that resources are squandered in trying to pick the right area but so far this fear has proved relatively groundless.

Mr Watt notes with pride the furore he created when he recommended that tracts in the Santa Maria basin off California be offered for sale. Less than 18 months after the leases were issued a giant oil field had been discovered which may be the biggest since Prudhoe Bay. "I'd say a billion barrels was worth the hassle." Mr Watt is fond of telling his critics who argue that he is doing too much too quickly.

Mr Watt is a more flamboyant figure than many of his predecessors and his career has attracted an unusual amount of controversy. His efforts to speed up exploration offshore have galvanised opposition from the environmental lobbies in particular and there are those in the oil industry who wish he would advance his cause rather more quietly and slowly.

CRUDE OIL AND NATURAL GAS

Estimated U.S. offshore resources to the 2500-metre water depth

Areas	Crude oil barrels (bns) identified	Crude oil barrels (bns) undiscvrd	Natural gas cu. ft.(trillions) identified	Natural gas cu. ft.(trillions) undiscvd.
Alaska	0.3	12.2	3.2	64.6
Atlantic Coast	0.0	5.4	0.0	23.7
Gulf of Mexico	2.7	6.5	73.9	71.8
Pacific Coast	1.7	3.8	2.3	6.9
Entire offshore	4.7	27.9	79.4	167.0
Entire U.S. (Onshore plus offshore)	54.8	82.6	369.0	593.8

Source: U.S. Department of the Interior, geological survey, circular 860.

FIVE-YEAR LEASE SALE PROGRAMME

Federal offshore oil and gas plan for August 1982-June 1987

Planning area	Number of leases sales	Acres m's
ATLANTIC	8	238
North	3	57
Mid	2	82
South	3	99
GULF MEXICO	12	139
Eastern	2	58
Central	5	46
Western	4	35
Others*	1	—
PACIFIC	4	59
S California	2	22
Central and N California	2	37
ALASKA	16	557
Barrow Arch	2	30
Cook Inlet/ Gulf of Alaska	1	141
Diapir Field	3	49
Kodiak	1	89
Navarin	1	37
N Aluetan Basin	1	32
Norton Basin	2	25
St George Basin	2	70
Shumagin	1	84
Resales†	1	—
Totals	41	993

* Sale 69 (Gulf of Mexico) is scattered among three planing areas and its acreage is included in those areas.
† Resale 2 includes the re-offering of certain tracts in the Lower Cook Inlet/Shelikof Strait, Central and Northern California, South Atlantic and mid-Atlantic areas covering 3.2m acres.

Source: U.S. Department of the Interior.

THE ARTS

Edinburgh Festival 1983

The Soul of a Jew

The Edinburgh Festival director designate, Frank Dunlop, has been broadcasting his intention of improving the drama programme next year, as if John Drummond has not been doing just that over the past five years. Like all festival directors, Mr Drummond has had his fair share of flops. But after the 13-year reign of Peter Diamand, his theatre record is impressive: highlights include the Glasgow Citizens, the Rustaveli Theatre of Georgia, Nuria Espert this year and also, just opened in the main house of the teeming Assembly Rooms, the Haifa Municipal Theatre in Yehoshua Sobol's *The Soul of a Jew*.

Neatly slotting into the theme of Vienna at the turn of the century, the play tells the story of Otto Weininger, unfortunately famous for being Adolf Hitler's "only acceptable Jew." In 1903 Weininger hired the room in which Beethoven died on the Schwarzspanierstrasse and shot himself. Newly converted to Catholicism, he died aged 23. His book *Sex and Character* became a posthumous foundation for Nazi propaganda.

The central theme of the play, the tugging demands made on the Jewish character by the conflicting philosophies of Judaism and Zionism is of obvious contemporary relevance. My worst experience on holiday in Israel last year was being harangued by an American Zionist in the holocaust museum in Jerusalem. Diaspora or homeland is a desperately argued dichotomy for the contemporary Jew. As a non-Jew, even I can see that.

I can appreciate that Sobol's play initiated public debate in Israel last year, but the huge disappointment of Gedalia Besser's production is that it deals only theoretically with the subject. Doron Tavary as Weininger presents a tortured puppet of confused emotion. The awful thing is that Jewish sensibility is sentimentally confused with sexual trauma.

Doron Tavori

In a series of flashback we see him ostracised by friends, humiliated in a brothel by meeting his father, humorously abused by his mother (a very fine actress, Leora Rivlin) as she plucks the feathers and subsequent skin off a chicken and sexually obliterated when Clara (Dalia Shimko) removed her clothes.

The most striking element of the production is the apparition of Weininger's double, played by Tehiya Danon as a transexual liberated alter ego. One moment of pure Magritte sees Otto gazing in the Viennese gilded mirrors of Adrian Vaux's design at his own rear view. But really one is only left wondering whether Otto wants to be a good Jew or, more probably, a woman.

*

It certainly makes a change from all those alternative comedians on the fringe. Eric Bogosian, perhaps the most vaunted among them, is a quickfire American who has been mistakenly likened to Lenny Bruce. Compared to the first alternative solo acts of a decade ago like Jango Edwards and Farid Chopel, he is nothing special.

Victor Spinetti, on the other hand, like Bogosian, appearing in the Assembly Room, is very special indeed, and not really alternative. He makes you laugh, for a start. A brilliant actor, as we all know, Spinetti enlivens a likeable, rambling show, with some marvellous stories about his days on the Beatles films and his friendship with Marlene Dietrich. He ends with his celebrated drill sergeant routine from *Oh What a Lovely War*.

Do catch the National Theatre of Brent's *The Messiah*. Patrick Barlow is now partnered by Jim Broadbent, whose strangely distinctive physiognomy exudes the lethal innocence of a retarded mass murderer.

Sadly, the Oxford Revue *Illusions of Grandeur* in St Mary's Hall, is not even up to recent low Oxbridge standards. Now, if you will excuse me, I must go and lie down for an hour.

MICHAEL COVENEY

A dwarf of stature

One could hardly think of a nicer way for John Drummond to leave the Edinburgh Festival than by choosing, for this year's featured composer, Schoenberg's brother-in-law. In the full programme, Alexander von Zemlinsky (1871-1942) doesn't look quite so prominent as that: he gets his *entreé* with "Vienna 1900," the wider festival theme which prompts the major exhibition and much theatre.

On the music side, however, the honoured period is otherwise represented by familiar (if still demanding) works by the "second Viennese school" triumvirate — with a little Reger, Strauss and Mahler and even some Alma Mahler, but no Schreker; only Zemlinsky offers the excitement of a discovery.

Music-lovers who read know him as (a) Schoenberg's only formal teacher (brother-in-law later), (b) the composer quoted by Berg in his Lyric Suite and (c) the young Alma Schindler's teacher and lover before she met their mutual idol Mahler. In recent years, music-lovers who listen have heard Zemlinsky's Lyric Suite, modelled passionately on Mahler's *Lied von der Erde*, and his earlier, more strikingly original 2nd Quartet. Edinburgh's Zemlinsky (split, sadly, between the first and third weeks of the festival) began on Sunday, very auspiciously indeed, with Hamburg's State Opera performances of two one-act operas composed between those works. They will be repeated tonight.

Eine florentinische Tragödie, after Oscar Wilde, was finished in 1916, on the heels of the 2nd Quartet; *Der Geburtstag der Infantin*, also after Wilde, in 1921. They make a superb double bill as produced by Adolf Dresen, who lets his designer Margit Bardy translate the Renaissance actions of each opera into *fin de siecle* terms, but animates both faithfully. The "Florentine Tragedy," a pure example of the Sick Shaggy-Dog Sex Story (a period favourite from Schnitzler to Mann's *Black Swan*) looks intensely forward to the Lyric Symphony; "Birthday of the Infanta" is something else, at once more personal, more eclectic and more richly imagined.

The earlier opera suggests a black version of the farce that Ravel set as *L'Heure espagnole*, which concludes with a clockmaker selling his would-be cuckolders the clocks in which he found them hiding.

In the music the erring lovers are merely sketched, though Kenneth Riegel makes a haughtily lecherous Prince and Elisabeth Steiner a fetching slut. Where Puccini's *Il Tabarro* —a close relative—describes its fatal triangle even-handedly, "a Florentine Tragedy" is strictly centred upon its implacable hero.

The irony and pathos of Wilde's other tale are so explicit that the opera can hardly intensify them, only give them musical dress. For her birthday the little Infanta is given a simple dwarf from the forest, and plays flirtatiously with him for an afternoon. When he discovers too late that he is an ugly monster, he expires broken-hearted; the Infanta requests that her future toys shall have no hearts. Now, Alma Mahler herself remembered Zemlinsky as "a horrid little gnome"—not, apparently, a great exaggeration. The composer found here a bitterly congenial subject.

Granted that the general lines of his score were fixed by the fable, the delicacy and variety of the filling-out are remarkable. One expects courtly dances with a wry twist, for example, but Zemlinsky's—pretty and wistful—are most originally skewed. There is scarcely a routine detail, and the orchestra shimmers magically, perhaps with a touch of Schreker. (The excellent Hamburg conductor is Gerd Albrecht.) The vocal writing is apt and often lovely not only for the Infanta and her tenor dwarf but also for a quartet of servants and the expected chorus of twittering playmates.

Inga Nielsen is the pert Infanta—a clever portrait that matches her poor little English Cat in Henze's recent opera at Schwetzingen. Beatrice Haldas makes much of her duenna-figure, quite moving as she begins to foresee the cruel end of the game. But the opera is carried by Kenneth Riegel's dwarf, a towering performance despite his having to waddle about with boots on his knees. The sharp plaintive edge of his voice is just right, and he acts with a bold subtlety that probably exceeds Zemlinsky's best hopes. If the opera is a curiosity, it is nonetheless a brilliant one.

DAVID MURRAY

Television

Peter Ansorge

Summertime blues

Had the Gershwin brothers skipped a generation or two, and re-surfaced in the South Bronx, or even Liverpool, with a latter-day version of *Porgy and Bess*, some hard thinking would have to be done about the lyrics. The words of "Summertime," for instance, might seem singularly inappropriate in the light of Central's documentary on *The Bronx*. Here there were few consoling thoughts, passed between mother and child, of the living being easy in summer months. No happy images of fish jumping in the streams. In the Bronx today the talk is of welfare cheques, of naming your children after a favourite brand of shampoo, of "planned shrinkage" on the part of City Hall. In summertime, as the television schedules acknowledge, our cities burn.

Some 10 years ago we became accustomed to the sight of American cities ablaze during the annual vacation. The rampaging and looting were taking place, we assumed, because the weather was hot and the blacks were angry. But as Central's film crew covered the Bronx, roaming across tenement blocks, surveying the debris, other disquieting facts emerged. It seems that the landlords shared a common interest with the arsonist in the burning of buildings.

Between 10 and 15 properties burned each night during the early-1970s. The city planners kept a low profile, knowing that the South Bronx presented a "test case" to the world of urban decay and potential redevelopment. During the film a succession of weary presidents were observed touring the sights and asking for support. Even the Pope came to the Bronx to pray for new housing.

The Bronx told its story clearly with touches of real visual bite. A group of tenants arrived in court to confront their landlord about his failure to carry out vital repairs, only to learn that the building had changed owners. "How can you sue me if my name is not on the lists?" asked the new landlord cagily.

The head of paediatrics at the local hospital ran through some disturbing statistics concerning the birth-rate. There were babies whose mothers were heroin addicts. "Most of the people here," said the doctor, "have never lived out of medicare." Meanwhile there were signs of resistance among the populace. A muscular black man had organised a self-help group and a football team. A young mother was seen trying to track down the name of her newest landlord. The planners, alongside an uncomfortable Mayor Koch, opened a modern apartment block. "This building will be vandalised," his number-two announced to an apathetic crowd of Bronx-dwellers, "over my dead body."

By way of contrast Everyman (BBC 1) presented *The Miracle of Intervale Avenue*. "I'm a Jew. I'm also a cop," announced the narrator, as we began a more personal tour of the South Bronx. Cheerfully side-stepping the blacks and the Hispanics, the cop led us to the last surviving synagogue in the area. This seemed to be largely inhabited by people who "claim to have been 70 for the last eight years," presided over by a wily baker and self-proclaimed community leader—one Moishe Sachs.

The film seemed a confusing rag-bag of incident and anecdote made by Public Broadcasting in America for home rather than foreign consumption. Asked about his connections with the Almighty, Moishe snapped: "Have *you* got a connection Upstairs? Give me the number and I'll dial it." Mrs Miroff, an elderly tailor, was brought fruit and vegetables by a gang of young blacks. "They're bums," she stressed firmly to the camera. "Bums don't squeal."

Billy and Icky are two bums from Liverpool with definite ideas about where to spend the summer holidays, including the last school term. They are the truant heroes of Willy Russell's six-part all film drama series *One Summer* over which one or two people have been raising eyebrows. At first sight Icky seems to be the more hopeful of the two boys. A wiry individual with large sagging eyes, Icky has a very good line in patter. Accused of all kinds of misdemeanour his defence is clear. "I'll be dead good.

Spencer Leigh (left) as Icky and David Morrissey as Billy in "One Summer."

Honest." Addressing a suspicious hen on a farm in North Wales he is able to look the fowl directly in the eye. "Either you tell us where the eggs are or we'll be having roast chicken."

His mate Billy has more of a social conscience. It is Billy's idea to spend the summer in North Wales outside of Toxteth. To this end he has stolen his mother's bingo winnings, done a bunk from school, and brought Icky along for the fresh air.

Towards the end of the first episode there was a glorious moment on Lime Street Station. Having blown most of the money on Mars bars, crisps and Penthouse magazines at the kiosk, Billy and Icky proceed to the ticket office. They ask for Wales. "Whereabouts in Wales?" comes the helpful reply. Billy gives this some thought. "Dunno," he answers with the blissful ignorance of one who has never sat through a geography lesson in his life. "Just Wales."

In a more recent episode the pair team up with a Yorkshire teacher who has retreated to a farm on the Welsh hills. After breaking most of the plates in the house, and stealing replacements from a neighbour, they rescue the farm from an ugly attack by a trio of Welsh nationalists (the countryside as well as the city has its gangs). The teacher (an excellent performance by James Hazeldine) allows them to stay. Late in the evening he draws out the painful truth from Icky. The boy cannot read.

The Press have not warmed to Icky and Billy. The Observer describes them, not untypically, as "the Liverpool Horrors." The negative response might have something to do with Willy Russell's own lack of regard for the series. Russell's name does not appear on the credits because he felt that Icky and Billy should be played by genuine 16-year-olds rather than the two older actors who have been given the parts. I can see what he means.

Even so the series, made by Yorkshire and screened on Channel 4, mines a far richer seam of ideas about education than did Central's recent quartet of plays by David Leland entitled *Made In Britain*. Russell clearly believes that reading would be a skill worth acquiring by Icky. He also has a sense of humour. Leland presented far more apocalyptic ideas such as the fact that unemployment outside the school gates made any learning going on inside practically worthless. Ten years ago our radical dramatists were accusing the comprehensives of turning out mere factory fodder. Today the accusation is different. The schools are *not* turning out factory fodder. The factories have disappeared.

The real problem with *One Summer* is its length. As a 90-minute film it might have proved unforgettable. At its present leisurely pace it moves you only in fits and starts. Here, like Icky at the end of episode three, I had better come clean. For the past five years I have worked as a television producer in one of the BBC's drama departments. During that time I have seen the ambitions of dramatists escalate out of proportion to the resources available. The advent of *Film On Four*, together with the growth of the independent sector, have served to highlight those ambitions in recent months. Without the carrot of celluloid drama producers cannot attract the brightest names to their cause. This has left both the BBC and ITV with plenty of studio space to fill, while the heavyweight names attempt to revive the film industry. The consequences could be seen in BBC 1's play *Bazaar And Rummage* which did not even come under the rubric of *Play For Today*. Confined to a single studio set, a series of smart, patronising jokes concerning agoraphobia whizzed past the viewer at breakneck speed. One hopes it is not a precedent.

The Wine Programme (C4) has cracks about Californian plonk, the cult of the grape and the shameless freeloader Auberon Waugh. No remarks about the liver though — which were promised. In *Opinion* (C4) Mike Brearley lamented the coming of the Covers. Rain, he announced to the faithful, "had played its nourishing part in the vagaries of cricket for the past hundred years." Now they *were* summers to remember.

Mahler & Swayne/Albert Hall

Max Loppert

The first of Monday's two consecutive Proms went to Mahler's Sixth Symphony. Klaus Tennstedt justified in it his reputation as one of the most powerful, cogent, and authoritative Mahler interpreters of the day; but the London Philharmonic Orchestra did not quite assert an equivalent Mahlerian stature.

The weather in the hall was muggy, and intonation correspondingly fallible; flute, oboe, and horn solos were regularly flawed, chording (so important in this symphony) was seldom true.

So it was a mark of Tennstedt's powers in arguing, sustaining, and dramatising each of the four vast movements that one accepted these faults as flecks on rather than barriers to the appreciation of a masterly performance. The Sixth is perhaps Mahler's most perfectly proportioned work; in this account of it one admired once again the peculiar balance struck between its dark, despairing moods, its sudden flights of fantasy, its evocation of distant perspectives—all this in four movements easily comprehensible for their taut command of classical structure.

*

Giles Swayne's *Cry*, first played on Radio 3, then given live at St John's, Smith Square in 1980, reached the Proms later on Monday evening, in what according to the composer was the fullest realisation of his aims thus far.

A seven-movement creation, of nearly 90-minute length, for 28 solo voices (as in all previous British performances, the superlatively accomplished BBC Singers under John Poole), *Cry* was also intended to undergo elaborate electronic treatment in live performance.

Cry has been widely (though not, as nascent myth would have it, unanimously) praised; it looks set for wide popular success. It is a Creation epic, a brilliantly conceived and executed "vision" in vocal sound, a cunningly calculated melange of Tudor "architectural" polyphony, African vocal device, Delius harmony, and what one might almost call a cinematic mastery in adding to the purely musical level a kind of soundtrack (created by the singers themselves) of atmospheric effects. It is a big, bold, and, for a young composer, remarkable achievement; but I have to confess that it left me entirely unmoved and uninvolved, for it seemed (except in fleeting moments) very far from offering any kind of spiritual experience other than self-glorifying sentimentality.

New York City Ballet/Covent Garden

Clement Crisp

I think Balanchine's *Divertimento No. 15* a near-perfect work of art. Mozart's K.257 divertimento is clothed in dancing so harmonious and sweetly reasoned, so elegant in its attitudes and so felicitous, that eye and mind rejoice. It opened the New York City Ballet's season on Monday night, and Mozart and Balanchine — in seeming unity of purpose—revealed this peerless company at its exultant best.

Musically the performance had its stringy moments, but the five ballerine and their three cavaliers who lead the cast were uniformly brilliant, grand. If Cosi were danced, then it might look like this, with melody transformed into the ravishing variations and duets which are the choreography's heart.

Elyse Borne, Maria Calegari, Stephanie Saland, Heather Watts and Merrill Ashley are a superbly contrasted quintet of principals—should one single out Calegari's exquisite line, Saland's opulent manner, Watts' clarity, Ashley's coloratura sparkle, or Borne's radiant charm?—with Sean Lavery, Victor Castelli and Peter Frame their partners. Courtly good manners guide every moment, as if Schönbrunn were the ballet's location, and delight crowds on delight as the dances link in chains of unalloyed beauty.

One especial word of commendation must, even so, go to Merrill Ashley and Sean Lavery in their solos, with Miss Ashley cutting diamonds of movement, and Mr Lavery revelling in the buoyant demands of his solo.

The centre of the programme was Jerome Robbins' *Glass Pieces*, created in May this year, and set to minimalist compositions by Philip Glass. Like *Fancy Free* with its war-time sailors on leave, or *West Side Story's* 1950's teenage gangs, Glass Pieces is a vivid response to its time and place, which is today's New York.

The backdrop is a vast expanse of graph-paper; in the first section (*Rubric*) three dozen dancers criss-cross the stage, purposeful as a mid-town crowd at noon, with three couples occasionally breaking from the herd. *Façades*, which follows, is a duet for Maria Calegari and Bart Cook — by turns lyric and abrasive, and most subtly danced — set against a crowd of women who traverse the back of the stage. The third section (to excerpts from Glass's opera *Akhnaten*) pits a group of men against the female corps in movement that seems to stress their separate identity.

Glass Pieces is notable as a commentary upon a super-sophisticated urban society, as on the theatrical possibilities of minimalism. Whether it has the heart — which *Fancy Free* and *West Side Story* have—to last, time will tell.

The closing *Symphony in C* must surely endure as long as we have the wit to enjoy Balanchine's loving realisation of Bizet's youthful masterpiece. The dance sparkles, froths, bubbles like champagne in three of the symphony's movements, with Kyra Nichols, Melinda Roy and Judith Fugate admirable in leading roles. In the mysterious adagio Suzanne Farrell and Peter Martins wrought marvels, their dancing touched at every moment with greatness.

This New York City Ballet season lasts for two weeks; it was made possible by the Midland Bank, who deserve all our gratitude; and it is a joy not to be missed.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 19–25

Theatre

LONDON

The Sleeping Prince (Chichester): Rattigan's Coronation showpiece, very pretty to look at, with appropriately starry playing by Omar Sharif as a Balkan Grand Duke, Debbie Edwards as his American show-girl mistress and Judy Campbell as his handsomely eccentric wife. Peter Coe's direction is for entertainment and achieves it.

The Rivals (Olivier): Splendid National Theatre revival, cunningly designed by John Gunter to place us in the middle of 18th century Bath. Geraldine McEwan takes a fresh, inquisitive look at Mrs Malaprop, Michael Hordern is an unrivalled Sir Anthony. Peter Wood directs. (928 2252).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein.

Trafford Tanzi (Mermaid): Exuberant play starring Toyah Wilcox that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

NEW YORK

Private Lives (Lunt-Fontanne): Elizabeth Taylor and Richard Burton add class to their own marital marathon with Noel Coward's frothy version of the reunion of a divorced couple meeting during their second honeymoons. (575 9200).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence, despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

The Corn Is Green (Lunt-Fontanne): Emlyn Williams' 1940 comedy about a middle-aged spinster who goes to Wales to start a school is the second offering of Elizabeth Taylor's new repertory company, which, without a role for Miss Taylor has a cast led by Cicely Tyson, directed by Vivian Matalon. (575 9200).

Showboat (Gershwin): A clever pastiche of vaudeville and theatre works like magic in the story of life on the Cotton Blossom where shows plied the Mississippi and provided unrivalled entertainment, especially with this production's outstanding feature performers giving heart-felt renditions of the 1927 Kern-Hammerstein songs like Ol' Man River, Bill, and Life Upon the Wicked Stage. (51st W. of Broadway, 586 6510).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Carrie Fisher enliven a somewhat over-written clash of ideologies. (246 4636).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239 6262).

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women re-opens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100).

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast led by Susan Sarandon and James Russo. (541 8394).

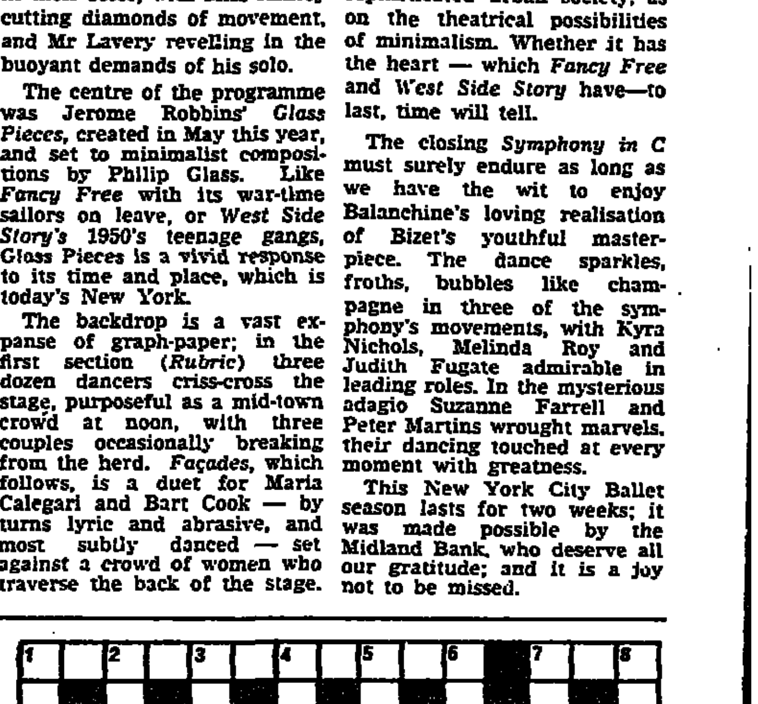
On Your Toes (Virginia): Natalia Makarova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

WASHINGTON

Porgy & Bess (Opera House): This 50th anniversary production of Gershwin's classic American opera does justice to the music and sense of community established in Porgy's desperate love for Bess in their squalid Catfish Row lives. Kennedy Center (254 3770).

F.T. CROSSWORD PUZZLE No. 5,199



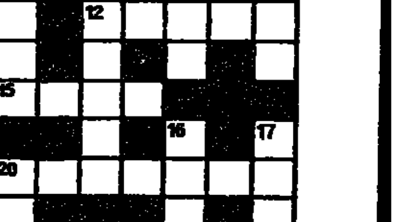
ACROSS

1 His property is "desirable" —even when t'gate's eaten away (6, 5)
7 Cutting saying (3)
9 Hard worker taking time out as greaser (5)
10 Something to cope with on the roof? (5-4)
11 One leaves the cast—poor creature (9)
12 Lifting the paper you hold (5)
13 Crashed Boeing left inside base (7)
15 Dog-food (4)
18 Conserve British doorpost (4)
20 Laundry-bay (3, 4)
23 Man to become a Post-Impressionist (5)
24 Formerly, one taking care to dress king (9)
26 Bloomer in motor-race (9)
27 Who could overcome it (5)
28 Jute from urban community without a name (3)
29 Good seats for fashion-society (5-6)

DOWN

1 As confidential as strange coteries (8)
2 Enduring ready-to-wear? (8)
3 Brand of motor-chariot (5)
4 Breathing-space to display Calcutta feature (3-4)
5 Finish off English rodents (tailless) prevalent locally (7)
6 Number building pontoon? (6-3)
7 Begin spending winter abroad and show signs of cold (6)
8 The war over, here is the final tribute (6)
14 Dirty deal in underground system (5, 4)
16 Phenol extracted from boracic lake (8)
17 Light aircraft for the brave? (8)
19 It runs even when tied on deck (7)
20 Playfully shorten high chairs (7)
21 Half of field reaped with piece left over (6)
22 Black shaft leading to grave-mound (6)
25 More than one spoke of arm-bongs (5)

SOLUTION TO PUZZLE No. 5,198



FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Wednesday August 24 1983

Arms control: a serious gap

THE SOVIET UNION has submitted a draft treaty to the United Nations which would ban the testing and deployment of weapons in space, the key remaining area which is not the subject of arms control negotiations between the super-powers.

The treaty, apparently an amplification of proposals made by Mr Yuri Andropov, the Soviet leader, to U.S. senators in Moscow last week, seems wide-ranging. Full details have yet to be released, but Moscow says it would forbid the testing or deployment in space of weapons systems "designed to hit targets on earth, in the atmosphere or in outer space." It would not only prevent nations from testing and developing weapons designed to "kill" satellites but would have them agree to "eliminate such systems as are already in their possession."

Initial U.S. reactions to the proposed new treaty have been cool. The State Department has noted that "in part" the new draft is similar to an old Moscow draft, also submitted to the UN two years ago. It suffers, said a spokesman this week, from the same defects of lack of clarity in the definition of weapons systems, and lack of provision for proper verification. But any "serious proposal" from the Soviets would be studied, the spokesman said.

Should the new Soviet move be treated seriously? Or is it simply another Soviet propaganda ploy to wrong-foot the Reagan Administration with U.S. and European public opinion? There is certainly a strong element of propaganda—Mr Andropov launched his proposal, after all, on a delegation of Democratic senators.

Yet Washington's response so far has been unconvincing.

There are good reasons for extending arms control agreements to space. For existing international agreements on space are defective in key respects. In particular, the 1967 Outer Space Treaty prohibits the stationing of nuclear weapons and "other weapons of mass destruction" in the earth's orbit, on the moon or other celestial bodies, or in outer space. But it does not cover the non-nuclear anti-satellite and other types of weapon now being developed.

After many years of relative stability, the race between the super-powers to make military use of space is now on. Immediately it centres on anti-satellite weapons. Behind the rhetoric, U.S. caution on the new Soviet proposals probably stems from at least a technical lead which Administration officials say the USSR has in this field.

Both superpowers are making increasing use of space to support military activities. U.S. military forces, for example, rely on more than 40 satellites for their long-range communications, for a variety of intelligence activities—including the monitoring of existing arms control agreements—as well as for navigation, weather forecasts and mapping. The U.S. space budget is currently some $15bn a year but is planned to rise by 10 per cent a year in real terms over the next five years, compared to a 7 per cent rise in the defence budget as a whole. The Soviet space budget is said to be $18bn annually. The military-industrial complexes in both superpowers are doubtless happy to see this expenditure developed.

Difficulties

It is probably too much to hope that the U.S. will agree to open talks to plug the gaps in existing space treaties before it has tested its new anti-satellite weapon. It would also be idle to suggest that such talks would not confront formidable difficulties—though other negotiations, as on nuclear testing, have shown that difficulties can be overcome.

Even though many people believe that it is already too late to achieve a comprehensive agreement to ban weapons in space, the Reagan Administration should complete its arms control programme by opening negotiations to that end. Real limits must be applied to this new dimension of the technologically driven arms race before it runs out of political and financial control.

The pricing of British gas

ARE THE British Gas Corporation's profits too high or not high enough? Is gas over-priced or under-priced? It is difficult to answer these questions since the criteria which determine the BGC's profit targets and its approach to pricing are, to say the least, imprecise. This is partly because of ad hoc government intervention. Prices have been held down to support counter-inflation policy, then rapidly increased to generate revenue for the Government; more recently industrial and commercial prices have been frozen in response to lobbying from the private sector. It is hardly surprising that British Gas lacks a coherent pricing or marketing policy.

The problem goes deeper than political interference. Deloitte, Haskins and Sells, the consultants whose study on BGC efficiency was published yesterday, argue that prices in each market sector which British Gas serves should approximate to the estimated long-run marginal cost of supplying that sector. Other factors need also to be taken into account, including the state of the market, the pricing policies of other energy suppliers and the statutory obligations of British Gas.

Too low

On a marginal cost basis, the consultants show, current prices are too low, especially in the domestic and non-domestic tariff sectors. "If gas were priced to cover these estimates of marginal costs including a 5 per cent return on capital, it would still at present cost less than competing UK fuels. If all gas had been priced on this basis, and if 1982-83 volumes had been maintained, over £500m of additional revenue would have been generated in the year."

Getting the pricing policy right is no small matter. It has a crucial effect on the growth of demand, on the rate of depletion of UK gas reserves and on the size of the BGC's investment programme which, as the consultants point out, represents a massive use of the nation's resources—£5.26bn in fixed assets and £1.5bn for replacement expenditure during the period from 1982-83 to 1986-87.

Although the consultants identify opportunities for cost reduction, it is clear that if their recommendations are adopted prices will rise in real terms. BGC's current profits are based on cheap gas stemming from the early supply contracts, but over the next few years BGC will have to rely increasingly on more distant and more expensive fields.

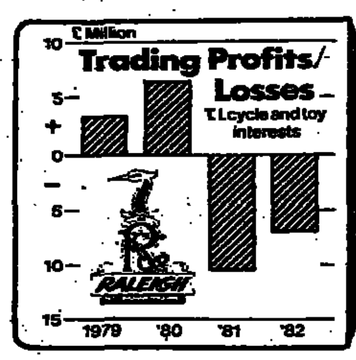
Above all—and this is where the report has an important message for nationalised industry as a whole—government and BGC must work out an agreed approach to pricing decisions. There is an ambiguity over whether the BGC's objective is to maximise profits or, as it told the consultants, "to supply their customers at minimum cost consistent with the provision of an adequate level of service and with the financial requirements of the business."

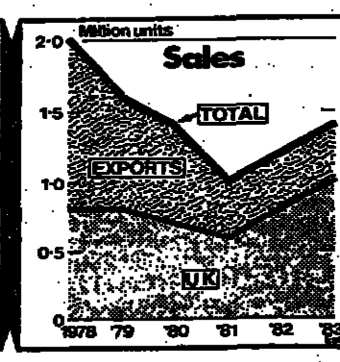
The consultants believe that "without the pressure to maximise profits it is very difficult to create a management environment that encourages the sustained search for efficiency. BGC has responded to this difficulty by concentrating on cost measurement and comparison." Their recommendation is that BGC should be required to maximise profits "within a framework of constraints on prices and standards of service that are designed to ensure that its monopoly position is not abused." They do not elaborate on what the "framework of constraints" might be — this remains one of the most difficult policy issues—but they are certainly right to call for greater clarity and explicitness in pricing policy.

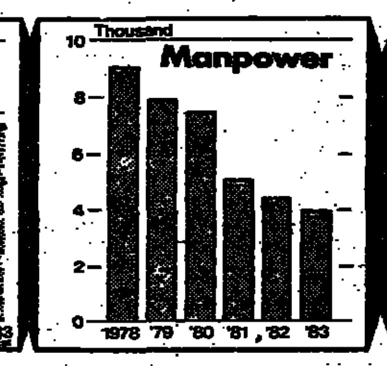
The uncertainty about profit objectives has been one ingredient in the poor relations which have existed between BGC and the Department of Energy, although personal factors have also played a part. The consultants say that there is no generally held concept of the proper role of the Department in relation to BGC and this introduces uncertainties on both sides as to the proper conduct of the relationship. There are many consultations between the Department and BGC, but they are least effective on key strategic issues such as pricing and profitability.

These strategic issues have to be tackled. Privatisation and competition do not add up to a policy for nationalised industries. The effects of the 1982 legislation on BGC's monopoly powers will not be felt for some time, while privatisation will not in itself provide answers to the questions raised in this report. Too often in the past British Gas has appeared to be either an instrument of government policy or a self-regulating monopoly, immune to external pressure. The task is to devise a financial and regulatory framework which encourages it to behave like a commercial enterprise.

RALEIGH BICYCLES








ROLY JARVIS Managing Director

Marion Sedger

Robots and psychologists on the hard road back

By Arthur Smith, Midlands Correspondent

EVEN THE directors have not been exempt from the axe at cycle makers TI Raleigh over the recent troubled years. The latest chop, announced yesterday, will cut the number employed in the UK to only 3,500—little more than a third of the workforce that in 1978 turned out some 2m cycles, many of them for sale in former colonies and far-flung places.

Until two years ago the company was still riding high, proud of its position as by far the largest maker of cycles in Europe. But the onset of the recession found it producing over-priced machines and out of step with a fast-changing market. The story of how the company has been fighting its way back to health provides a lesson for much of Britain's manufacturing industry.

The managing director, Mr Roly Jarvis, a relaxed accountant with a passionate belief in the Ford style of management, argues that the "culture shock" since he took over two years ago has been worthwhile. "We are on our way back. The headcount might be down more than 60 per cent, but output is down only 30 per cent," he says. "That is the right proportion. Now we must claw back volume and establish ourselves as the dominant cycle manufacturer in Europe."

There had to be a "bloodletting" at Raleigh, he explains. "There were as many as 25 or 26 directors floating about the place. Now we are down to eight, of which I am by far the oldest at 50. That typifies the way we have gone through the business to carve out the overheads."

To illustrate the changed management style in one of Britain's traditional companies, he points out that the directors' panelled dining room at the Nottingham headquarters has been closed.

He adds with relish: "we sold the antique table to buy a robot. We thought that would be of more use to the company."

Mr Jarvis and Raleigh have been on trial for the past two years by a group board that must have questioned whether a cycle operation established in the early years of this century was really the place for the TI of the 1980s.

TI's cycle and toy interests made a trading loss of £10.5m in 1981, and £7m in 1982. Now they are likely to break even this year and move into profit next.

Backing for phase one of the Raleigh recovery programme came in the £5m committed for investment this year. Even more significant was the group decision this month to authorise "with enthusiasm" another £6m for next year for cycle assembly activities plus several millions for the Sturmey-Archer components business.

Mr Jarvis argues that the upheavals at Raleigh offer important lessons for the UK engineering industry, where he believes insufficient attention is paid to sales and marketing. He is scathing about the previous "constipated" decision-making within his own company, and its failure to introduce new products.

Raleigh was one of the first casualties of the recession. As a leading exporter selling nearly two-thirds of its output overseas it was hit by the appreciation of sterling, and high interest rates also took their toll in a seasonal business with long supply lines.

Imports, which had been creeping upwards for several years, shot up to take more than 30 per cent of the market, helped by the currency advantage and the protracted engineering strike which curtailed domestic supplies. Problems reached crisis point in the late summer of 1981 as retailers relentlessly continued to cut prices in a bid to clear stocks from a market that was heavily over supplied.

In August 1981 Mr Jarvis took control of the cycles operations. He had joined Raleigh as finance director in 1976 after holding senior positions with Ford, Chrysler and Crane Fruehauf. "My first love is the vehicles industry," he said. "Manufacturing cycles requires all the disciplines that apply to cars — the only trouble at Raleigh was that the disciplines were non-existent."

The first decision was to recast the whole sales strategy, giving top priority to the UK and Europe. "For too long our home market was taken for granted. We had to get products and costs right here to establish a sound base for overseas sales."

Raleigh's vulnerability in third world markets to political and economic uncertainty has been underlined by the troubles in Iran and Nigeria. Talks are currently underway to produce bikes under licence for Iran, but Mr Jarvis makes it clear that such business is regarded as a bonus and is not central to the company's strategy.

In the U.S., a volatile and cost competitive market, the company has negotiated a deal with the Huffy Corporation, which will build Raleigh cycles under licence, importing only the high-priced sports and racing bikes from the UK.

Raleigh pulled out of the U.S. because of the unpredictability of the market. In addition to the risk of exchange rate losses U.S. annual sales have fluctuated wildly between 6m and 16m units over the past decade. Profit margins are also tight because of low-cost domestic manufacture and cheap imports from Taiwan or Japan. By contrast, Europe offers a much more stable and potentially profitable market.

Mr Jarvis claims Raleigh is already the European leader and will increase its share of the 15m a year market from 8 per cent to nearly 10 per cent this year.

Mr Jarvis argues that Raleigh should be able to achieve a market share approaching 20 per cent within five years.

Important to Raleigh's quality image on the continent has been the success of its sponsored teams in the Tour de France and other European rallies.

As a man who has spent eight years with Ford, Mr Jarvis does confess to an ambition to make Raleigh "the Ford of Europe in the cycle world—a modern, profitable, aggressive, marketing-orientated company." The European market is big enough to provide such an opportunity, he argues, pointing out that Raleigh's exports have slumped from 1.2m in 1978 to only 400,000. The bulk of the fall has been caused not by falling sales in Europe, but by the loss of unstable markets in Nigeria, Iran and the U.S. "In Europe over the same period we will have more than doubled sales to 350,000 this year," he says.

Given Mr Jarvis' emphasis upon aggressive selling, it is no accident that a bold marketing initiative is spearheading Raleigh's European campaign. Bicycle Motor Cross (BMX), a sport using sturdy small cycles on rugged tracks, has been popular in North America for a decade. Raleigh, with the launch last year of its own brand "Burner" bikes, has given the sport a major boost in Europe. The lavish promotion programme, in addition to advertising, involves sponsoring teams and encouraging the setting up of new tracks.

"The UK market for BMX this year will be 350,000, of which we will take 70 per cent," Mr Jarvis claims. The initiative might have dragged sales from other sectors, such as conventional street bikes, but it has helped swell the total market.

He believes the Raleigh "Burners" are too sophisticated for cheap copies and stresses that new ideas are already being developed. "We are not just engineers. We are into consumer durables and unless you have a very active product programme you are dead."

While other departments have been contracting, sales and marketing have been recruiting new blood. Market research—even down to consultations with child psychologists on why bikes are bought—is at a premium.

On production, the main aim has been to cut costs while maintaining quality. The number of new models launched has increased dramatically, but the range has been rationalised and the components standardised in order to allow longer production runs. The differences, important to the consumer, are largely cosmetic.

Mr Jarvis, rather than building a comprehensive range of components in-house, has sent his buyers into the open market to seek the right parts at the right price. Japan is now an important source of supplies. But there is still an important role for Sturmey-Archer, Raleigh's parts subsidiary, to which Mr Jarvis is now turning his attention.

"The crying need is for new products. There has been too much talk and not enough action. We have now chosen the components—sophisticated gears and brakes—on which we shall major. The investment will now go in so that we can sell competitively against the best that can be offered from West Germany or Japan." Nonetheless, Sturmey Archer will still suffer its share of the redundancies announced yesterday, to take its workforce down to less than 1,000.

Raleigh, where bought-in components can account for over 60 per cent of total costs, has appointed a specialist director, Mr Richard Beardon, to control purchasing and supply. Stock in progress has already been cut from £12m to less than £8m and the controls have made it possible to launch new bikes on the market at a price as much as 20 per cent below that of the model replaced.

Good industrial relations are crucial to the dramatic productivity advances already achieved. An important factor has been the introduction of a new "team bonus" scheme under which employees, rather than operating on a continuous flow assembly track, work in groups of six and take full responsibility for their own quality control.

Ironically, it is the very efficiency of the Nottingham plant that has led to the latest round of redundancies. Some 250 workers in staff and support jobs will become surplus immediately. As the new investment in robot welders and automation comes on stream another 350 jobs — on the present volume of 1.4m bikes a year—can be eliminated. Mr Jarvis insists that the battle for increased volume, linked with natural wastage, will keep actual redundancies to the minimum.

The advent of the robot, while providing Raleigh with the latest equipment, no more than "brings us in line with the new technology," Mr Jarvis maintains. The next phase of the £6m investment authorised by TI would offer the opportunity for more widespread automation. But job sacrifices should be at an end. "We are now on a rising not a falling cycle. We should be able to get an increasing output with the same number of workers. Our efficiency will gain the market necessary to make us once again job creators."

Mr Jarvis, in gaining investment support from TI, has clearly convinced the group board that he has the strategy for survival for one of the UK's more traditional and least glamorous industries. The philosophy, as he says himself, is simple: "Be selective. Concentrate on the products where you have an advantage and can make a profit. Back your judgment with investment and get out of the products that other people can make."


Trevor Humphries

On the production line at Raleigh's Nottingham factory.

Europe's Leaders

(estimated share of 1982 European bicycle sales totalling 15m units)

Company	%
Raleigh (UK)	8
Peugeot (France)	6
Kynast (W. Ger.)	5
Kalkhoff (W. Ger.)	5
Motobecane (France)	5
Belstegui Hermanos (Spain)	3
Bianchi (Italy)	3
Rizzato (Italy)	3
Others	62

Source: Raleigh

Men & Matters

Black Marx

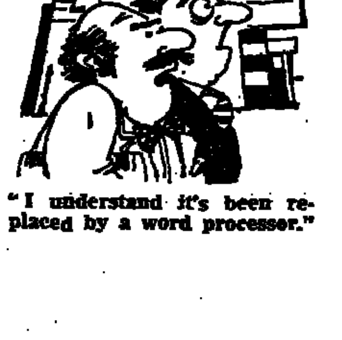
One of the least complimentary contributions to the centenary of Karl Marx's death is landing on headmasters' desks at every secondary school in time for the new academic year. The Freedom Association is circulating a booklet of quotations from Marx and Engels, entitled The Marxian Legacy, which it says is "guaranteed to raise the hackles of Jewish, Irish and black people" by exposing the founding fathers of international socialism as crude racists, colonialists and imperialists.

Marx is quoted on the "hereditary stupidity" of the Chinese, the "huckstering" of (other) Jews, races in Turkey unfit for progress and civilisation, and the "common Negro type" which is a degeneration of a much higher one. "The classes and the races, too weak to master the new conditions of life, must give way," he wrote.

Engels has the more vivid lines, writing of "Serbs, Bulgars, Greeks and other robber bands . . . the lousy Balkan peoples;" the "brutal, sordid, piratical" Scandinavians; the "lazy Mexicans;" the Irishman "little above the savage . . . utterly unfit for manufacture as now conducted;" and the "grimy Breslau Jew."

In the revolutionary world storm, wrote Engels, "the Austrian Germans and Magyars will be set free and wreak a bloody revenge on the Slav barbarians. The general war which will then break out will smash this Slav Sonderbund (League) and wipe out all these petty, hidebound nations down to their very names. The next world war will result in the disappearance from the face of the earth not only of reactionary classes and dynasties, but also of entire reactionary peoples. And that, too, is a step forward."

The Freedom Association, no friend of Marxists, is worried that young minds "deafened by the drumfire of Marxist-Leninist denunciations of racism, colonialism and imperialism," may not be aware of the founding fathers' views. These, it wants them to know, are akin to those of the Nazis.



"I understand it's been replaced by a word processor."

Word perfect

Despite the Yorkshireman's reputation for plain speaking, local government in the county, as everywhere else, has laboured with a language that is pure gobbledygook.

Bradford City Council's standing orders, like those of most other councils, reflected in their long-winded legal jargon the days when solicitors were paid by the word.

But things are changing. The standing orders for contracts have been reduced from 3,600 obscure words to just half that number in everyday English.

Spurred by frustrated councillors, officials called in the city's Literacy Group to help. Six people, including four graduates, taken off the dole queue on one-year contracts through the Government's community programme, set to work.

One 205-word sentence dealing with corruption was trimmed to a mere 62 words—which still made a lot more sense. Another rule laid down in 620 words was chopped to 227. Big words like "hereinafter" were replaced with little words like "later."

The task took 165 man hours—but just about everybody agrees it was worth the effort.

Prize list

Most people—indeed most scientists—see a Nobel Prize as the pinnacle of a scientist's achievent. But fare more exclusive intellectual honours are two orders which are bestowed in Britain and West Germany, the Order of Merit and the Order Pour le merite, respectively.

In fact, the Germans look on a Nobel as just a first step towards becoming a knight of the Order Pour le mérite.

Just how exclusive these orders are has been discovered by Dr Anthony Michaelis, editor of Interdisciplinary Science Reviews. At the suggestion of a German scientist, he researched the origins and memberships for his September issue.

The German—originally Prussian—order is limited to just 30 living members, the OM to a scant 24. The U.S. has nothing to match their exclusively, Mitchaelis tells me.

Until 1977, the OM's had never even had a get-together. Then the Queen—whose personal gift the honour is—invited them all to celebrate the 75th anniversary of the order at thanksgiving service followed by lunch at the Palace.

The latest scientist to receive the OM is Sir Peter Medawar, the medical scientist, in 1981. A vacancy has been created by the recent death of Lord Hinton, the nuclear engineer, one of four post-war nuclear policy-makers the Queen has so honoured. One woman scientist, Prof. Dorothy Hodgkin, currently holds the honour.

The Order Pour le mérite, created in 1834, elects its Knights—10 each for science, humanities and arts. Other than Lord Todd, there are only two living members of both orders, Henry Moore, the sculptor, and Sir Ronald Syme, the historian.

Chipping in

Eight-year-old Ben Cooper of Rugby wrote to the Daily Mail complaining that an 11p packet of crisps was not value for money.

Then he was:

Invited to Rileys Potato Crisps of Scunthorpe (annual turnover £15m and part of the Rowntree Mackintosh group);

Given an hour-long lecture by directors on the recondite problems of achieving an average profit of ½p on a packet of crisps in an adverse trading situation;

Instructed in climatic geography so that he would know why the potato harvest was poor this year and the effect it had on the futures market;

Taken on a tour of the factory, given a conciliatory lunch and then informed that the price of crisps will be going up again this winter.

The young consumer watchdog was obviously quite impressed. He now wants to be a business tycoon when he grows up.

Observer

RIOTS IN PAKISTAN

Zia faces his greatest test

By John Elliott, South Asia Correspondent, in Islamabad

PRESIDENT ZIA-UL-HAQ'S reputation as the agile military dictator of Pakistan is facing its severest test. The country has been hit by 10 days of often violent demonstrations that have undermined the authority of his six-year-old regime. Now he has to find a way of quelling the troubles before they develop further, without sparking an even more explosive reaction which might just remove him from power.

The President has always claimed that his actions and the success or otherwise of his martial law regime are in the hands of Allah. He sees no reason why the country should not peacefully accept the plans for a "Muslim state and a truly Islamic system" which he outlined on August 12, involving gradual moves towards parliamentary elections and the ending of martial law by March 1985.

But leaders of the country's banned (or "defunct" as they are officially dubbed) political parties think otherwise. Eight of the parties have turned their loosely organised Movement for the Restoration of Democracy (MRD) into a surprisingly successful country-wide campaign. The key issue at stake is the future of General Zia's army-controlled regime and the freedom that he should have to dictate when and how elections are to be held. This relatively arid subject has been given a new dimension by political activists in the southern province of Sind who want more autonomy from the Federal Government, traditionally dominated by the major province of Punjab. They have turned a moderately peaceful campaign of civil disobedience into a series of increasingly violent riots, which have seriously dented President Zia's image as a smooth power broker.

The organisers' aim is to step up fairly low-key activity in the internationally sensitive North-West Frontier area of Peshawar near Afghanistan and, more importantly, to spread violence to the Punjab, which has been relatively peaceful.

Then they reckon President Zia and his fellow generals will begin to panic, fearing especially that the army, which is manned and run by Punjabis, will be loth to quell the riots. "We've proved the fallibility of the Zia regime for the first time. Now we need a dead body and a great funeral to spark a wider response," one political activist said to me in Karachi.

There have already been more than 20 deaths, but the impact has been limited, mainly in Sind towns on the Indus upstream from Karachi such as *Dadu and Naushahro Firoz*. This is the area of the family of ex-President Bhutto, executed by General Zia in 1979, and of Mr Ghulam Mustafa Jatoi, a rich landowning leader of Bhutto's Pakistan People's Party who was recently put under house arrest.

Since the demonstrations started in fairly festive mood during Independence Day celebrations on August 14, there have been up to 2,000 arrests. Martial law courts have been handing out punishments ranging from 90 days' house arrest to one year's imprisonment plus 10 lashes and a Rs 50,000 (£2,500) fine.

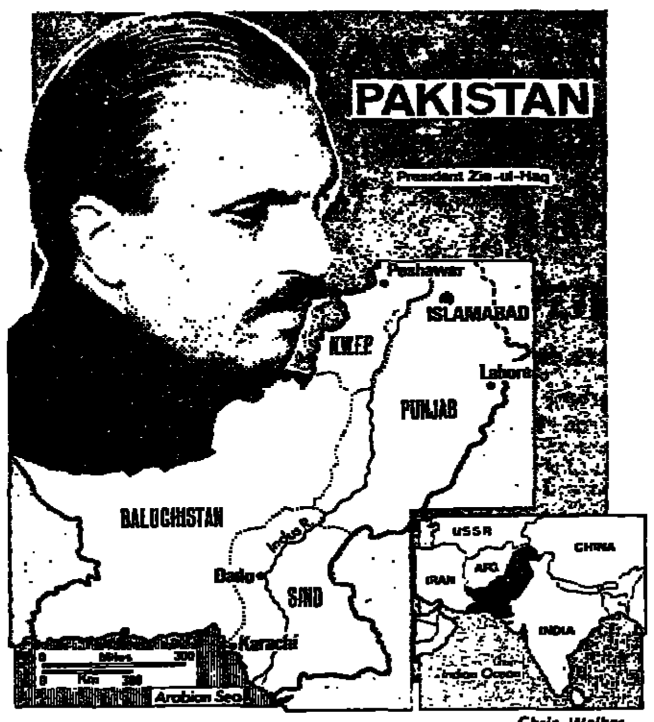
"We have got to get the people to lose their fear of *martial law punishments* like flogging and prison torture—then we'll really spread the action," commented on activist.

The civil disobedience takes two basic forms. From the start politicians have been defying the law by addressing unlawful political meetings and carrying placards. Police are now increasingly trying to arrest the activists—all of whom have left their homes and gone to ground—in advance of the meetings, attended by anything *from half-a-dozen to 30,000* people.

The arrests often lead to rocks being thrown at the police, who respond with baton charges, tear gas and rubber bullets. The crowds sometimes then spread through the towns, causing damage to banks, court houses, railway stations and other buildings. Buses have also been set on fire and railway lines have been damaged.

These are the most persistent and widespread riots since *General Zia* came to power, surpassing the troubles of 1979 when the U.S. embassy in Islamabad was burned down, the riots of 1981, and more localised disturbances such as the Muslim riots in Karachi and women's *rights protests in Lahore earlier* this year.

Sind landowners like Mr Jatoi, who was briefly invited by Gen Zia to become Prime



Chris Walker

Minister in 1980 but was arrested seven months later without taking office, had hoped earlier this year to negotiate a settlement with the President that would avoid a violent eruption.

In the political activists' view, Gen Zia has now failed to *produce an acceptable plan, six* years after seizing power. Frustrations over this among both the landowners and the younger activists have combined with the Sind province's traditional but bottled-up political frustrations to lead to a series of events in the past 10 days that no one appears to have foreseen.

Whether there is enough dissatisfaction with the Zia regime to fuel a full-scale rebellion is a question that is constantly *being asked. Although* the economy is propped up by foreign aid and by the remittances of Pakistanis working abroad, the country's balance of payments has been improving. There is a general air in most *towns of a developing consumer* society. World Bank figures show the average annual per capita income as $350 per person compared with $300 in Sri Lanka, $260 in India, and little more than half that figure in Bangladesh. There is widespread resentment that defence spending takes up almost half the annual budget (Rs 57bn for 1983-84). But General Zia's regime has been blessed with five successive good harvests *that have protected him from* economic downfall.

"God has made us self-sufficient in food grains," he explained in his "Muslim state" speech. He also summed up other achievements of his regime, some of which at least this week seem no longer true: "Today by the grace of God there is peace and tranquillity in the country. People are earning their livelihood with their hard labour and have a peaceful sleep. There are no midnight *knocks on the doors. The* sanctity of women is no longer unsafe at the hands of the custodians of the law, and women are no longer kidnapped by goondas (armed robbers) under official patronage."

Those remarks were intended to draw a sharp contrast with the harsh Bhutto regime that Zia replaced. But when Zia executed Bhutto, he created a martyr who is extolled by his PPP members for the good he did for the poorest people rather than for the violence of his final years in power.

Zia's overwhelming emphasis on the Islamisation of Pakistan irks many people, particularly lawyers and other middle and *upper classes of Karachi and to* a lesser extent, Lahore (although the business community does not want the Zia regime disrupted). His critics dismiss his Islamic zeal as little more than a ploy to divert public attention from the military aspects of his regime. Many people, however, recognise him as a devout Muslim. Many also admire the way he balances his extreme Islamic pronouncements with a far more cautious approach to actual policy innovations.

Indeed, he is so cautious that some Islamic right-wing groups oppose him. He has been attacked by mullahs from pulpits and even the basically loyal Jamaat-I-Islami party wants him to speed up his hand-over of *power.*

Like the parties in the MRD, it harbours the suspicion that he does not want to allow political parties to have any role in the coming elections. The parties and their senior activists have been banned from municipal elections now about to take place, and it seems that no active member of Bhutto's PPP is likely to be allowed to stand in the provincial and national elections if Zia has his way.

The constitutional changes *that General Zia outlined on* August 12 would retain Pakistan's 1973 constitution, now in abeyance, but would strengthen the power of the President over the Prime Minister. Many diplomatic observers believe this is sensible for a developing country. But any impartial evaluation is upset by a widespread *suspicion* that President Zia himself intends to remain in the job.

Behind all the argument, there is the fear that Zia may *have announced his ideas merely* to placate domestic and international opinion and that, as has happened in the past, he will try to find reasons later for not going ahead. His opponents are determined that if this is his plan, he will become yet another leader of Pakistan to be removed forcibly from office in the country's 36 years of independence.

The U.S. recovery

Strong it may be, freakish it isn't

By David Hale

THE U.S. appears to be re-writing the rules of macro-economic behaviour this year.

Real interest rates are at unprecedented levels but domestic final demand increased *at a 5 per cent annual rate* during the first half of 1983. The U.S. current account deficit may see $30bn this year, twice its size during the 1978 dollar crisis but the dollar's external value has recently climbed back to Bretton Woods era levels on a trade weighted basis.

Remarkable as the American economy's recent performance may seem, it is perfectly consistent with U.S. business cycle history.

American economic expan-*sions* are typically front-loaded, with two or three quarters of very strong output growth. Averaging together all the post-war recoveries before 1980, real GNP normally grows by 8 per cent in the first year and 4 per cent in the second.

Excluding the collapse of the export sector, the current U.S. expansion is tracking closely with previous ones. Domestic final demand is responding exactly as it should to a highly stimulative fiscal policy, a large year-on-year decline in the level of interest rates, and rapid expansion of pure transaction money aggregates such as currency and demand deposits (old M1).

The American labour market also continues to be highly flexible by the standards of other industrial countries, so that once an expansion begins, employment tends to rise very rapidly and generates powerful consumption multiplier effects throughout the whole economy. *Since January the U.S. economy* has created over 1.6m jobs, or more than the EEC during the past decade.

There are also 15m more jobs in the U.S. today than at the start of the 1975 economic expansion.

The major difference between the current recovery and previous ones is the high level of interest rates. But the difference is less pronounced than it might seem when one takes account of the sweeping regulatory changes which have occurred in the U.S. financial system during the past five years.

Between 1933 and 1978, the U.S. Government maintained tight control over the interest rates which financial institutions were permitted to pay on retail savings accounts.

Until the *mid 1960s, official* deposit ceilings were generally in line with market interest rates. After that, they became increasingly uncompetitive and encouraged disintermediation whenever Treasury Bill yields rose above 8 per cent, the maximum pre-1978 ceiling on long maturity time deposits.

In 1966, 1970 and 1974 there were "credit crunches" in the U.S. mortgage market which led to immediate slumps in home building activity and more *broadly-based business down-*turns later.

More by accident than design, the old system of financial regulation had evolved into a back-door form of credit control which slowed the U.S.

The U.S. tax laws still encourage a low rate of personal savings

economy at a relatively low level of interest and inflation rates by shutting off the supply of funds to the real estate market.

The American business down-turns of the 1960s and 1970s did not just result from rising interest rates, but also from regulatory bottlenecks in the system of financial intermediation. It was the supply of credit, rather than the demand for credit, which formerly drove the U.S. economy into a slump whenever short term interest rates reached 9-10 per cent.

Ironically, the Carter Administration started the deregulation process largely to protect the thrift industry from disintermediation as U.S. interest rates *rose during the 1978 dollar* crisis.

Those regulatory changes were successful in prolonging the U.S. housing boom for several more quarters, but they added to Carter's economic management problems later. Removal of the regulatory circuit breakers permitted inflation rates and interest rates to rise to record levels during 1979 and 1980. Indeed, the Federal Reserve's Saturday night conversion to monetarism during October 1979 was in many ways a desperate attempt to fill a policy vacuum that had been *inadvertently created.*

Now that the U.S. banking system has much more freedom to compete for deposits, it is no longer clear what level of interest rates is required to slow or stimulate the U.S. economy.

International comparisons of interest rates are also complicated by the fact that the U.S. is unique among the major industrial nations in permitting unlimited tax deductibility for interest payments. During the *past few decades mortgage and* consumer debt have become popular tax avoidance tools.

Between 1965 and 1980, inflation-induced band changes pushed up the average marginal income tax rate in the U.S. from 21 to 30 per cent. Since the Reagan fiscal programme has only partly corrected this upward movement in tax bands, the U.S. tax system still provides strong incentives to borrow.

A considerable portion of the dollar's current strength is the capital flow adjustment to the interaction of financial deregulation and the U.S. tax system. The new banking rules have helped to increase the returns available from U.S. financial assets but the tax laws *continue to encourage a low* U.S. personal savings rate.

The problem for the world economy is that the Eurodollar lending market grew up under the old system of U.S. financial regulation. It is much more difficult for external borrowers to cope with the interest rate consequences of financial deregulation and the U.S. tax system than it is for domestic borrowers.

The U.S. economy is not insensitive to rising interest rates and will ultimately slow if they climb higher. But because of financial deregulation everyone must still rethink traditional notions about what constitutes high or low interest rates and stimulative or restric-*tive monetary policy in the U.S.* The fact is we are only now starting to find out.

David Hale is chief economist of Kemper Financial Services, of Chicago.

Letters to the Editor

Public spending dilemmas

From Mr Raymond Nottage

Sir,—In his article *Public spending dilemmas* (August 19) Peter Riddell says that the Government has failed to launch the necessary debate about how to finance the public services, and he emphasises the need for open discussion of the issues involved.

His criticism is particularly *apt in regard to retirement* pensions, the cost of which in the years ahead is a matter of concern. What is required here, however, is not a consultative paper with full costing of all possible options, as Mr Riddell suggests, but a fundamental review of the whole pensions system, state and private.

This would include not only the emerging cost of national insurance pensions but the balance between state, employers' and personal pension *schemes, the economic impli*cations of the concentration of financial resources in pension funds and life assurance companies, the cost to the Exchequer of the tax allowances offered to private pension schemes, and the disparities between employers' pensions in the public and private sectors.

Because of the inherent complexity of such a review, it could best be undertaken by a Royal Commission. This would enable all the issues involved to be examined objectively and with the care they deserve, and in ways that would stimulate public discussion of them and prepare the public for changes in the present arrangements if that should appear to be necessary.

Since the Prime Minister does not envisage proposals for major alterations to the welfare state being brought before Parliament before the next General Election there is time enough for a Royal Commission on Retirement Pensions to be appointed, to carry out its work and to report. To let slip this opportunity on a matter of such importance to so many people and to the nation as a whole would surely be most unfortunate.

Raymond Nottage.
36E Arkwright Road,
London NW3.

Industrial relations at BL

From Mr Ray Edwards

Sir,—With its history of problems associated with the activi-*ties of the politically motivated,* British Leyland was bound to be extremely sensitive to any development that took their industrial relations back to the pre-Edwardes era.

However, whether British Leyland has over-reacted in the particular instance of the Cowley "moles" can best be judged by the attitude of their workforce who appear to accept the management's actions.

All of us from both parts of industry seek to promote the *fullest political freedom.* We must counter this, however, with utmost vigilance to ensure that minorities of whatever persuasion do not subvert our industrial institutions.

Over many years as a leading national negotiator for BL staff I witnessed the difficulties of the mangement and union officials as they regained control of the chaotic industrial relations in the company.

I rather doubt if anyone in BL—employees, unions, or *management—regret the de*parture of the "moles."

Ray Edwards.
Head of Industrial Relations
The Industrial Society.
Peter Runge House.
3, Carlton House Terrace.
London. SW1

Scales of commission

From Mr Lionel S. Goslin

Sir, — In view of the fact that house agents, solicitors, stockbrokers, and the administrators of deceased estates, charge rising scales of commission based not on the amount of work handled but on the *in toto* value of the sum involved, it is quite beyond my comprehension that the normally super-astute clearing banks charge the same for clearing a cheque for £50,000 as they do for a £10 one.

This leads me to believe that somebody, some time, somewhere along the line, has slipped up badly!

Or is it just possible that they are less Socialist-minded than the other aforementioned financial institutions?

Lionel S. Goslin.
"The Cottage,"
2, Wyke Oliver Road, Preston,
Weymouth, Dorset.

Pitfalls of gold dealing

From Mr K. G. Morris

Sir,—Mr Schlesinger (August 18) advises the small investor wanting to deal in gold bullion coins to advertise in his local paper for buyers or sellers, and trade at the mid-market price. This is an excellent idea, but does one want to proclaim to all the world in one's local paper *that one has gold coins?*

A few years ago I advertised for sale in mine a single numismatic gold coin. I had about four telephone replies from callers who were not interested in that coin, but wanted to know what other gold coins I had, whether I kept them in the house, etc, and I got the impression that they were burglars who study the small ads of Articles for Sale to find houses worth burgling.

Another interesting incident, which I do not think has any connection with the previous one, is that recently my house was burgled while we slept and a small sum of cash stolen. During the next fortnight two separate approaches were made to me by trade representatives trying to interest me in buying a burglar alarm system. Was that just a coincidence? I have lived here for 30 years and no one else has ever tried to sell me a burglar alarm system.

K. G. Morris.
56, Woodmansterne Road,
Coulsdon, Surrey.

Chance to cut the PSBR

From Mr David Liss

Sir,—Peter Riddell asserts that there are only three major areas (of government spending) *where major savings can be* obtained — defence, social security and the National Health Service.

This ignores the fact that as recently as July 1979, it was the cost of servicing the Government's own debt which was the Government's biggest single item of expenditure.

The case for index-linking has been ventilated in your columns in the past, by your predecessor as well as by others.

Now that inflation is low and rising gently, I believe that Mr Lawson has another chance to reduce the PSBR by perhaps £1bn annually for a number of years, if he can be persuaded to disregard conventional advice, to call the chairmen of the insurance companies to No 11 and tell them that they could help the country comparatively painlessly by throwing their weight behind the acceptance of suitable conversion offers for existing debt.

David Liss.
37 Wilton Avenue,
Chiswick.
London W4HX.

Inquiry into Sizewell B

From Mr J. Keiler

Sir,—I should like to make the following comments on the article in Thursday's issue (August 18) on the Sizewell B inquiry:

1—The design proposed for Sizewell B is *not* similar to that of the American Three Mile Island station. To say that it is immediately renders the whole following article suspect.

2—The Sizewell B station is not intended to be built in isolation, but is intended as the prototype for a whole series of stations. This policy has been very successfully carried out in France in recent years.

3—As the article somewhat grudgingly admits, the design will be a safe one. It should be borne in mind that nuclear power stations cause far less pollution of the atmosphere (acid rain) than coal or oil-fired *stations.*

4—Finally, in spite of many misleading figures circulated by interested parties, nuclear power stations, whether of the PWR or the AGR type, are a cheaper *means of producing* electrical energy than coal-fired and far cheaper than oil-fired ones.

J. Keiler.
5, High Leys Drive,
Oadby, Leicester.

World currency problems

From Major J. P. Warren

Sir, — I find it extraordinary that in Samuel Brittan's "Decouple from the dollar" (August 11) and in Nicholas Colchester's "A bad system shudders again" there is no *reference to gold.*

Lord (then Sir Leslie) O'Brien once said, when Governor of the Bank of England: "The enthusiasm for getting rid of gold owes much to the fact that in this inflationary age currencies cannot stand comparison with it."

As every honest person knows this to be the truth, why no mention of it in these articles about the crumbling world monetary system?

Maj J. P. Warren.
Cherrymead, Alfold,
Nr Cranleigh, Surrey.

FINANCIAL TIMES

Wednesday August 24 1983

Indonesia barter deal for Dowty

By Peter Bruce in London

INDONESIA has placed orders worth about £20m ($29.6m) for coal mining machinery with Dowty Meco, part of the UK-based Dowty group's mining division. A supply contract was signed in Jakarta last Friday and the deal is expected to be completed by the end of the month when financing and training contracts are finalised.

The contracts were won against Japanese and West German competition, and involve the UK side buying back 100 per cent of the value of equipment supplied in Indonesian non-oil products. This form of trade has become common with Indonesia, which has been trying to boost its non-oil and non-gas exports.

Other contractors in the UK's hard-pressed mining equipment industry are also likely to benefit from the deal, which has been under negotiation since early last year. As main contractor, Dowty will build about 40 per cent of the machinery to be supplied. Unconfirmed reports yesterday suggested that the UK engineering group, Anderson Strathclyde would probably supply coal cutting equipment.

The deal is likely to be financed with a Government-backed £14.74m buyers credit and with a £4.43m grant from the British Government. The Government has also undertaken to provide about £470,000 to the Indonesian state coal authority, Tambang Batubara, for training personnel.

The Indonesians plan to use the equipment to modernise their giant Ombilin coal mine in southern Sumatra in an effort to raise output from its current 305,000 tonnes a year to 750,000 tonnes. Talks have been protracted largely because of a sweeping new evaluation of project spending by Jakarta

Although oil prices have shown recent signs of increasing, the price fall wiped nearly $1bn off Indonesia's oil export earnings in the first quarter of this year. Figures released earlier this month show a fall to $2.3bn from $3.2bn in the same period last year.

British mining equipment manufacturers have been hit hard by a collapse in orders from the National Coal Board.

U.S. direct investment abroad falls by $5bn

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

U.S. DIRECT investment abroad fell $5bn, or 2 per cent, in 1982, giving a total of $221.3bn at year-end, the Commerce Department said yesterday.

The fall was the first since just after the Second World War, when the position was reduced to reflect the wartime destructon of U.S. investments abroad.

The decline was primarily due to record borrowing by U.S. parent companies from their Netherlands Antilles' finance affiliates, the Department said. Without such borrowing, the position would have increased, although not as rapidly as in most previous years.

The position is the book value of U.S. direct investors' equity in, and net outstanding loans to, their foreign affiliates. It thus measures the net claims of U.S. parents on their affiliates, the Commerce Department said.

The 1982 decline consisted of capital inflows of $3bn and negative valuation adjustments of $2bn, the Department said. Capital inflows consisted of equity and intercompany account inflows of $8.3bn, partly offset by reinvested earnings of incorporated foreign affiliates of $5.3bn.

U.S. parents' income from their foreign affiliates – the return on the position – declined 29 per cent, to $22.9bn, and the rate of return on the direct investment position declined to 10 per cent from 15 per cent, the Department said. The decline in income in 1982 followed more moderate declines in each of the two preceding years (3 per cent in 1980 and 13 per cent in 1981).

Sizeable declines were recorded in all major industries' and geographic areas in 1982, the Department said.

The declines reflected the continued slowing of foreign economic activity, appreciation of the dollar against several major foreign currencies and increased interest payments by U.S. direct investors on debt owed to affiliates. Other factors which depressed income in 1982 were capital losses, and losses – both capital and other – by Mexican affiliates.

The decline in the investment position in 1982 followed unusually slow growth of only 5 per cent in 1981, and the changes in both years were attributable to similar factors, the department said.

In both years U.S. parents' outstanding debt to Netherlands Antilles' finance affiliates increased sharply – by $6.0bn in 1981 and $13.3bn in 1982.

In addition, because of sluggish world-wide economic conditions, corporate illiquidity and high U.S. interest rates, U.S. companies had little incentive and limited ability to make major new investments abroad, to expand existing investments or to finance the operations of foreign affiliates with U.S.-sourced funds, the department said.

In both years U.S. direct investors sold affiliates in Canada, and finally, the Department said, reduced affiliate earnings limited the funds available for reinvestment.

The position declined 1 per cent in developed countries and 5 per cent in developing countries. Among developed countries declines in the position were largest in France, Canada and Italy.

Among developing countries they were largest in the Netherlands Antilles and Mexico. In "international," a category containing certain affiliates which have operations spanning more than one country, the position increased 7 per cent, the Department said.

BanCal favours Mitsubishi's bid as Wells Fargo terms rejected

Continued from Page 1

worst in the U.S. BanCal has embarked on a strategy of specialising in a few selected market niches, such as wealthy individuals. Its slogan is "banking very few, very well."

In terms of size, BanCal ranks eighth in the Californian market. In 1982 its net income fell from $10.8m to $8.7m, but in the first six months of the current year it recovered sharply, with income before special items jumping from $2.8m to $11m.

Leading stockholders representing 42 per cent of BanCal Tri-State's outstanding equity have granted options on their shares to Mitsubishi.

Until recently Wells Fargo would probably have been ruled out as a potential bidder for BanCal Tri-State since it was thought that federal banking regulators would frown on such takeovers because of the effect it would have on concentration in local banking markets. They have been taking an easier line in some cases recently, however, and earlier this summer allowed Bank of America to move across interstate lines by rescuing the ailing Seafirst Corporation, which controls 40 per cent of the banking market in the state of Washington.

It is also rare for banks to get involved in contested takeover bids in the U.S. When Standard Chartered bank from the UK made a bid for BanCal Tri-State in 1977 it dropped the offer when it became obvious that the management was not going to support it.

Mitsubishi's potential expansion in California reflects an increasingly aggressive posture in the U.S. financial market by the leading Japanese money-centre banks.

In March, for example, Fuji Bank agreed to pay $425m for two of the commercial financing subsidiaries of Walter E. Heller International, the largest single foreign takeover to date by a Japanese bank. Ironically, Fuji succeeded at the expense of another leading Californian bank, Security Pacific.

If successful, Mitsubishi Bank's acquisition of BanCal Tri-State would constitute the largest takeover of an American bank by a Japanese bank.

Although ranked third in assets and revenues among Japanese banks in the fiscal year ending last March, Mitsubishi Bank has been more reticent abroad than some of its principal domestic rivals.

Zia faces wider Sind unrest

By John Elliott in Karachi

STUDENTS joined the demonstrations and riots against President Mohammed Zia ul-Haq's Government in Pakistan yesterday in the provinces of Sind and Baluchistan. Elsewhere in Sind province, shopkeepers joined a one-day strike called by some opposition parties and violence broke out in several centres.

That follows a day during which the biggest demonstration of the troubles took place in Khairpur, Sind, where six people are believed to have been killed and as many as 200 arrested.

Karachi lawyers staged a protest meeting yesterday morning against a visit by President Zia to a dinner of their local association last night. They were locked in their law courts by police and are due to hold a two-hour strike today.

President Zia visited Karachi, the base of the opposition to his regime, in tight security and said the unrest was regrettable but not alarming.

While he was in the city, police clashed with rioters in a central market area called Chakiwara. Brigadier Akhyan Gul, the local martial law administrator, watched the disturbances from the roof of a three-storey building while one of his aides filmed police, armed with tear gas shells and batons, charging the rioters in small Suzuki pick-up vans, protected from stones thrown by the rioters behind riot shields.

More than 30 tear gas canisters were fired.

In the Sind town of Jacobabad, near the border with Baluchistan, official buildings were attacked and set on fire. Taken together with the student activity, these developments encouraged organisers of the demonstrations to hope that the disorders will spread from Sind into the more politically sensitive province of Baluchistan, which borders Iran and Afghanistan.

Pakistan to avoid fresh IMF finance

Continued from Page 1

cit. Exports in 1982-83 totalled $2.6bn, while imports stood at $5.5bn, leaving a deficit of $2.9bn. This was offset by income of $2.8bn in remittances from Pakistanis working abroad.

Progress in the country's economy is, however, believed to have been confirmed this week by a team from the IMF, which has been visiting Islamabad to check the Government's figures and policies.

The sharp improvement in the reserves has been caused partly by the floating of the rupee, with its traditional link with the dollar broken in January 1982. Since then the value of the rupee has dropped 23 per cent against the dollar, 16.4 per cent against the Japanese yen, 13 per cent against the D-Mark and 7 per cent against sterling.

Exports of Pakistan's grain surplus and of some manufactured items – especially synthetic textiles – have started to improve. The purchase of imported goods has declined in the wake of higher prices.

The changing value of the rupee has also helped to boost the remittances of the Pakistanis abroad, who provide the country's economy with an essential prop. Contrary to fears earlier in the year, the remittances from the nearly 3m workers overseas rose in the financial year which ended in June to a monthly average of $240m, compared with $191m a year earlier.

The monthly total for last month, at the start of the current financial year, was higher at $250m.

Because dollars sent back to Pakistan bought more rupees following the exchange rate changes, it is assumed that the workers overseas increased their remittances. The number of Pakistanis working abroad, mainly in the Middle East, is also believed to have increased.

THE LEX COLUMN

Samurai ambush Wells Fargo

Shareholders in BanCal Tri-State, the holding company of Bank of California, might be forgiven for feeling a little bemused by their board's acceptance in principle of the $262m takeover bid from the local subsidiary of the Mitsubishi Bank. The bid, worth $50 a share, must have looked attractive enough when BanCal's shares were suspended at $33¾ last Friday and it was due to expire at midnight on Monday. After a $52 cash bid from Wells Fargo bank dropped onto the mat early on Monday morning, however, the BanCal board apparently spent the rest of Monday deciding in effect that a bird in the hand was worth two in the bush and signed the Mitsubishi deal late that night.

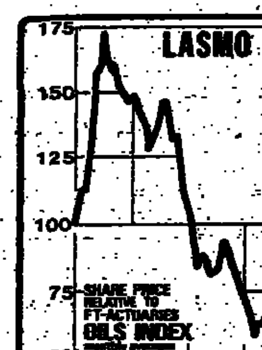
BanCal has explained that the accepted bid had "a greater certainty of consummation" because Wells Fargo's $300m bid carried so many conditions. But BanCal now has only 15 officies in California and anti-trust considerations do not appear to have loomed over the horizon. Nor was the Wells Fargo bid hedged about with more than the usual reservations covering undisclosed financial horrors and the like, plus the need for board and shareholders' approval.

Equally hard to fathom are the motives of a small group of directors in committing their shares worth 42 per cent of the equity to the Mitsubishi deal. A second, higher bid from Wells Fargo might be an interesting test of the purportedly irrevocable options given. It is even more likely to prompt some pertinent questions from some of BanCal's shareholders, who have already shown signs of discontent over the handling of an earlier bid approach rejected by BanCal in 1982 – allegedly worth $50 a share.

Lasmo

The vagaries of oil company arithmetic disguise what, for Lasmo, was a flat trading performance in the six months to June. Net income has fallen 19 per cent to £17.8m, enough of a drop to leave the shares 24p lower at 352p yesterday. Yet, before arriving at that figure, Lasmo charges and credits a host of exceptional items.

The company has taken a £10.8m profit, mostly for overpaid interest, on the redetermination of its stake in Ninian. Set against this is an unusually high exploration write-off of £24.3m, roughly a fifth of which relates to previous years. The net after-tax effect of these items broadly



accounts for the fall in attributable profits.

In the second half, a more normal pattern should be restored. The exploration write-off is likely to be £6m or less but Lasmo will have a less attractive revenue position in Ninian and it is hard to see how this will be made up elsewhere. Beatrice production is almost flat and Indonesia, which will not be showing positive cash flow until late next year, is still in its infancy. Overall, Lasmo will probably struggle to match its interim net income in the second half.

Yet, while Lasmo may be marking time, it looks a much sounder vehicle than it did little more than a year ago. The two recent financing exercises have reduced net debt from stratospheric proportions to an acceptable 80 per cent of net worth, treating the new preference stock as shareholders' funds, and this ratio should be roughly maintanied until the end of the year. But the most striking change has been in the spread of the group's interests. It still looks under-weight in the U.S. but its days as a City offshoot in the North Sea are well and truly over.

Banks

Investors have grown accustomed to accounting changes that flatter the earnings figure; the latest refinement, introduced by Standard Chartered, is a policy change that reduces the quoted bad debt provision. Last year at the halfway stage the bank announced provisions of £45.8m. This time round, that same figure emerges, after reducing treatment, at a more modest £30.7m, from which base the provision has nearly doubled to £60.1m in the latest half. Without the change in interest suspense treatment, which incidentally has no net effect at the profits line, the provisions would have looked even uglier.

Interim pre-tax profits, nevertheless, have moved up 15½ per cent to £116.4m, albeit from a disappointing comparable result. Yet with margins improving worldwide, the outcome for the full year should top the £242m achieved last year. The bank seems to have dodged the worst of the Hong Kong property crash, and the underlying picture certainly looks more comfortable than at the Hongkong and Shanghai Bank. Here, attributable profits for the first half – after the traditional smoothing transfer to inner reserves – have risen by 8½ per cent to HK$964m. But the strains show through at the parent company level, up by only 3½ per cent. Once the stronger profit gains at Marine Midland and the Hang Seng are stripped out, the residual parent group saw an actual decline. With the confidence of the local financial community riding on its shoulders, however, the bank still saw scope for a 19 per cent dividend rise.

House of Fraser

The House of Fraser complaints department refuses to close its doors, even in mid-August. A Department of Trade investigation into share ownership of the company might have been appropriate even without the latest flurry of share activity and the mysterious HoF documents which have been bounced around between the Office of Fair Trading and Department of Trade and Industry. As it is, the case for an investigation looks overwhelming.

The Department's sleuths have a mixed record. In 1980, the Consolidated Gold Fields inquiry met with some success, whereas the mountains of paper accumulated during the Dunlop investigation brought forth not even a mouse. At least the DTI has appointed an inspector with an appropriate background. Mr John Griffiths has just completed a term as Attorney-General in Hong Kong.

The inquiry is unlikely, for the moment, to have much effect on Lonrho's tactics. The company is still sitting there with a holding large enough to maintain very considerable pressure on the HoF board. Gulf Fisheries, meanwhile, may be tiring of the soap opera. Its disposal of 2m Lonrho shares could hardly have been timed with greater effect.

Faster growth in world output is forecast

Continued from Page 1

tary policy if the money supply continues to overshoot its targets. It believes that the authorities are unlikely to take drastic action, partly because of the uncertainties about whether the money supply indicators are reliable.

It adds: "The longer-term outlook for interest rates is for a renewed rise, with the budget deficit mounting and little prospect that anything effective will be done to limit it.

"Recovery should help to contain it in 1983 and 1984, but higher interest rates would themselves increase the probability of a smaller contribution to growth next year from car buying, housing and stock movements in particular.

"Our forecast of 4 per cent real GNP growth in 1984 therefore allows for a considerable slowing down during the year, although business fixed investment should be more buoyant and the foreign balance is unlikely to worsen so severely."

Any general rise in interest rates would, the institute says, worsen the position of the world's major debtor countries, and it comments: "Undoubtedly this consideration is influencing monetary policy in the U.S., where reactions to excess growth of M-1 (the narrow measure of the money supply) have been restrained."

The institute predicts that the total outstanding debt of the non-oil developing countries will rise by more than $50bn again this year to about $665bn by the end of 1983.

In the UK, as in most other developed countries, the main impetus behind growth is expected to be a slower pace of destocking by companies or a modest rebuilding of stocks. A boost has also been given to the British economy from a recent boom in consumer spending.

Iran pays $419m claim

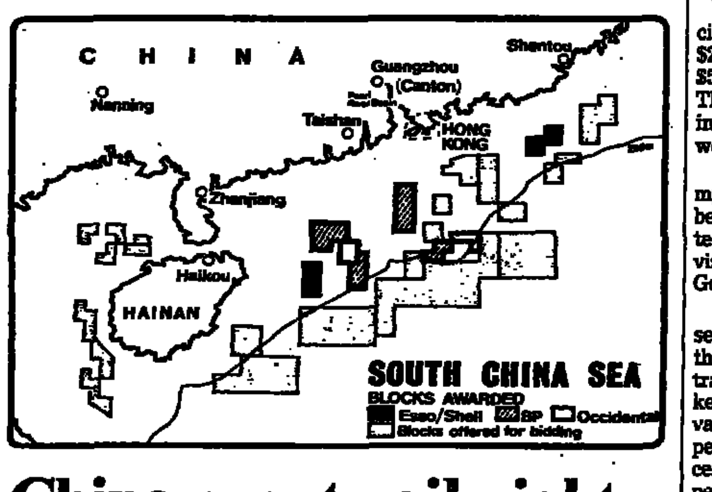
BY WILLIAM HALL IN NEW YORK

THE GOVERNMENT of Iran is paying $419.5m to the U.S. Export-Import Bank (Eximbank) in the biggest settlement to date of claims which grew out of the blocking of Iranian assets after the seizure of the U.S. Embassy in Tehran in November 1975.

Eximbank said yesterday that Iran's central bank had instructed the Bank of England to transfer the $419.5m to the Federal Reserve Bank in New York.

In return, Eximbank is dropping all of its claims for payment of overdue loans from the Iran-U.S. claims tribunal that was set up in January 1981.

More than 20 U.S. commercial banks have settled their claims with the Iranians.



China grants oil rights

Continued from Page 1

compared with one of 11.4 per cent for BP's Magnus field in the North Sea while it has reserves of 565m barrels.

For a smaller field the advantage would be in favour of the North Sea under the revised UK tax structure, it said. A Chinese development of this size would yield 18.6 per cent compared with 29.9 per cent for Balmoral field discovered by Sun Oil with an estimated 85m barrels, according to the firm's computer study.

In May the group led by BP was awarded five contract areas, four in the South China Sea and one in the Yellow Sea, totalling 14,086 sq km. Earlier this month Occidental concluded agreements on two areas, both in the South China Sea totalling 1,286 sq km as leader of two groups, both of them including the British independent oil company Tricentrol.

Meanwhile, it was reported from Tokyo, that the Japanese National Oil Corporation and Idemitsu Kosan would sign exploration contracts for areas in the Pearl River basin and the Gulf of Tonkin. The two companies declined to confirm the reports.

● Fluor, the U.S. construction engineering group, has been awarded the basic engineering design contract for two open cast coal mines in China. When completed the two mines, in the North-Eastern part of Inner Mongolia, will rank among the biggest in the world, writes William Hall in New York.

The mines, known as Huo Lin He, will have a combined production capacity of 30m tons of saleable coal a year and are part of a major effort to double China's coal production from 620m to 1.2bn tonnes of coal a year by the year 2000.

Fluor will provide the basic engineering and prepare a master development plan

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	28	84	Dubrovnik	S	27	81	Malaga	S	27	81	Salzburg	S	27	81
Akrotiri	S	31	88	Faro	S	24	75	Malta	–	–	–	Seoul	R	29	84
Algiers	F	29	84	Florence	S	31	88	Manila	S	33	91	Singapore	C	30	86
Amsterdam	S	24	75	Frankfurt	F	27	81	Miami	C	31	88	Stockholm	S	28	82
Athens	S	29	84	Funchal	C	23	73	Milan	C	28	82	Strasbourg	C	23	73
Bahrain	S	38	100	Geneva	F	23	73	Moscow	S	21	70	Sydney	R	18	64
Bangkok	S	33	91	Gibraltar	S	26	79	Munich	S	25	77	Taipei	C	33	91
Barcelona	C	23	73	Guernsey	C	17	63	Nairobi	–	–	–	Tangier	C	23	73
Beirut	S	29	84	Helsinki	S	24	75	Naples	S	28	82	Tehran	–	–	–
Belgrade	S	31	88	H. Kong	S	30	86	New Delhi	S	32	90	Tel Aviv	S	30	86
Berlin	C	27	81	Innsbruck	F	22	72	New York	S	32	90	Tenerife	S	25	77
Biarritz	F	22	72	Inverness	C	16	61	Nice	F	27	81	Tokyo	C	27	81
Blackpool	S	21	70	Istanbul	F	27	81	Oporto	S	25	77	Toronto	S	28	82
Bordeaux	F	24	75	Jersey	F	20	68	Oslo	F	21	70	Tunis	C	25	77
Brussels	S	26	79	Jo'burg	S	18	64	Paris	S	25	77	Valencia	–	–	–
Budapest	S	27	81	Las Palmas	F	24	75	Prague	S	27	[illegible]	Venice	S	28	82
B. Aires	S	16	61	Lima	C	21	70	Reykjavik	C	11	52	Vienna	S	28	82
Cairo	S	33	91	Lisbon	S	22	72	Rio de J'o	C	22	72	Warsaw	S	24	75
Cape Town	–	–	–	Locarno	C	25	77	Rome	F	27	81	Zurich	–	–	–
Caracas	C	28	82	London	F	24	75								
Casablanca	S	24	75	Los Angeles	C	28	82								
Copenhagen	S	23	73	Luxembourg	F	25	77								
Corfu	S	30	86	Madrid	F	23	73								
Dublin	C	18	64	Majorca	C	26	79								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

John Brown support plan collapses

BY RAY MAUGHAN IN LONDON

JOHN BROWN, the UK engineering group, has lost the deal with Hawker Siddeley which it has been negotiating throughout the summer in an attempt to cut its heavy borrowings. A brief statement from the two engineering companies last night said that the negotiations for the purchase by Hawker of John Brown's gas turbine subsidiary on Clydeside, Scotland, have been discontinued.

John Brown Engineering, the turbine operation, was one of the few elements of John Brown which was profitable last year but the discussions with Hawker had been started with a view to cutting John Brown's debts which still exceed the level of its net assets.

While the JRE had been presented by John Brown as an important piece of surgery, it appeared last night that the deal was never very much more than a marginal proposition for Hawker and, after what were described as minor differences between the two sides, the prospective vendor it now left to explore other avenues of debt reduction.

The gas turbine subsidiary is due to finish major overseas contracts next year, notably the Soviet pipeline order, but John Brown now hopes to secure substantial fresh work in the near future.

It also became plain that, while the JBE disposal had been seen as a vital route to financial strength under the aegis of Sir John Mayhew Saunders, former chairman, who resigned suddenly last month, other members of the board had preferred a more piecemeal approach to recovery.

Sir John Cuckney, a former non-executive director, who was appointed chairman last month, stressed yesterday that "the group continues to trade actively within its bank facilities."

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C. E. P. Smith, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday August 24 1983

Major Scott Paper sales show new group strategy

BY TERRY BYLAND IN NEW YORK

SCOTT PAPER, the Philadelphia-based world leader in tissue paper products, confirmed Wall Street predictions yesterday with the announcement of an agreement to sell off its foam division as well as plans to dispose of its Brown Jordan furniture division and of 240,000 acres of timberland in the north-eastern U.S.

The company would put no price tag on the assets involved but indicated that the three deals, which will not be completed until next year, will bring in cash proceeds of "hundreds of millions of dollars."

The foam division, which makes *foam carpeting and bedding and al*so safety foam for the aviation industry, is being sold to General Felt Industries, the New Jersey company which recently failed to obtain control of Sotheby's, the UK art auctioneer.

Brown Jordan manufactures leisure furniture. Results of the two divisions were not disclosed last year but they accounted for less than 7 per cent of sales. Scott has more than 3m acres of timberland.

Scott has been reviewing the full range of its operations for several years, as part of its plans to concentrate on its core businesses in paper, pulp and packaging. The board's strategic plan calls for a $1.6bn investment over a five year period.

The company said yesterday that *the review of assets would continue* but declined to identify any other potential disposals.

The timing of the asset sales suggests a disagreement on the board of Scott and Brascan, the Toronto-based holding company which is the major shareholder in the paper company.

Brascan announced in July that it wanted to increase its Scott stake from the present 23.7 per cent to 50 per cent of the equity, thereby proposing to modify a "standstill" arrangement signed in 1983.

The Scott directors have rejected Brascan's proposals but the Canadian group has said it intends to lift its Scott stake to 50 per cent in 1986 "unless the price is out of sight."

Scott's strategic plan has been part of its struggle to recover from *several lacklustre trading years.* After peaking in 1979, earnings showed a further decline in 1982, when net income dropped by 44 per cent to $74.5m.

Holmes à Court gets go-ahead for BHP share exchange offer

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA'S corporate watchdog, the National Companies and Securities Commission, has raised no objections to Mr Robert Holmes à Court's proposed share exchange offer for stock in BHP, Australia's biggest company.

The NCSC statement yesterday came a week after the commission announced it would hold talks with BHP and the Holmes à Court bidding vehicle, Wigmores. The lack of objection suggests it has been convinced of the seriousness of the Wigmores offer and that it will not develop into a de facto cash raising by Wigmores.

However, it has also questioned whether it is in the NCSC's power or its brief to make such objections.

It says the takeover announcement from Wigmores envisages that more than 20 per cent of BHP could be acquired should sufficent shareholders accept, and points out that *the acts the commission ad*ministers impose limitations to ensure shareholders in target companies are given essential information necessary to make a decision.

"It is not the NCSC's function to make any judgment or comment concerning the merits of the proposed bid, the motivation of Wigmores' directors or the price which Wigmores offers for BHP shares."

However, it adds that "cases such as this raise the general question of where the burden of regulation should in future fall," adding that it is considering making recommendations to its governing body, the Federal-State Ministerial Council *for Companies and Securities.*

The acts administered by the NCSC and the Corporate Affairs Commissions in each state are closely worded and designed to catch all eventualities, although the commission also has wide-ranging powers applying to "unacceptable conduct."

*Meanwhile, formal offer docu*ments from Wigmores carrying no minimum or maximum acceptance conditions are due to be cleared by the companies authorities this week.

As even a minimal acceptance of 0.25 per cent of the BHP shares will have the effect of boosting Wigmores' issued capital by 25 per cent, and Mr Holmes à Court believes acceptance by 1 per cent of the 344m BHP shares will count as success, the normal setting of minimum or maximum acceptance levels will be ignored.

However, should a wave of similar bids arise – particularly with the *intention of converting the acquired* shares of big Australian companies to cash – the NCSC may be moved, through its discretionary powers or through legal adjustment, to set ground rules for disclosure of future activities of the companies which would be issuing stock to new shareholders. This would fit *with one of its functions to ensure* an informed market.

Casino rumpus forces South Africa to sell Safmarine stake

BY OUR JOHANNESBURG CORRESPONDENT

FEARS OF political pressure appear *to have prompted* South Africa's Minister of Industries, Commerce and Tourism, Mr Dawie de Villiers, to terminate the state's inadvertent indirect involvement in casino gambling. Mr de Villiers says that the state-owned Industrial Development Corporation (IDC) is to sell its 50 per cent interest in Saf*marine, the national shipping line,* which last week linked up with the casino interests of the Southern Sun and Holiday Inn hotel chains.

South Africa does not allow casino gambling within its own borders. As a result, demand for this form of entertainment is satisfied by casinos operating in the neighbouring states of Swaziland, Lesotho, and Botswana, as well as in the so-called "independent national states" of Transkei, Ciskei, Venda and Bophuthatswana.

Competition for ownership and *management of casinos in these* areas has been intense between Holiday Inns and Southern Sun.

Last week's agreement, whereby their casino interests are to merge and Safmarine is to buy an indirect interest in the casino-operating company managed by the flamboyant hotelier, Mr Sol Kerzner, was *designed to eliminate counter-pro*ductive competition.

As the merger involves companies nominally operating outside South Africa itself, it was of no interest to the country's Competition Board. However, the news that Safmarine was to back Mr Kerzner and buy into the casino operations was greeted by a chorus of disapproval from influential church groups and supporters of the National Party.

As they saw it, this was tantamount to state involvement in a *gambling industry* which was not permitted in South Africa, and was therefore morally indefensible.

Mr de Villiers' first reaction was that Safmarine participation was simply a commercial transaction. The shipping company, in conjunction with the other casino partners, said that the intention was to boost *tourism in southern Africa* above the present annual level of 700,000 visitors.

As part of this, Safmarine said it was planning to reintroduce a regular liner service from Europe to the Cape and that it was thinking of establishing floating casinos. This claim was widely seen as a smoke-screen.

Mr Kerzner had already reached agreement whereby he would step down as Southern Sun's chief executive.

French buy Cooper Basin gas output

BY OUR SYDNEY CORRESPONDENT

THE Cooper Basin partners in Australia have secured outlets for almost all the liquefied petroleum gas production expected when the final stages of the A$1.2bn ($1.06bn) liquids scheme are completed next year.

Santos, the senior partner in the *basin, confirmed yesterday that it* had negotiated a contract with the Compagnie Française des Petroles group worth about A$40m a year.

The basin partners in 1981 signed a 1.25m tonnes five year contract with Idemitsu of Japan, covering about half of an expected annual tonnage of LPG production of around 500,000 tonnes for this first five years.

The contract with French Total group, which is still to be finalised, appears to be for a tonnage of around half that of Idemitsu, leaving the remainder to be taken up by domestic sales.

The contract is subject to Federal Government approval, but with Australian demand at 570,000 tonnes and local production from *refineries and the Bass Strait oil*fields already at 2.2m tonnes, it should create few problems.

Inventory gain lifts Deere earnings

By William Hall in New York

DEERE and Company, the leading U.S. farm and industrial machinery manufacturer, managed to make a small profit of $5.1m in *its third quarter to July 31 after* taking in a $15m gain on its reduced inventory levels.

*After adjusting for the invento*ry gain the performance in the *latest quarter is worse than in* the comparable period of last year when Deere made a profit of $4.2m.

Mr Robert Hanson, Deere's chairman, said yesterday that results continue to be affected adversely by the significant decline in sales and production volumes and the high cost of sales incentive programmes.

In its latest quarter Deere's sales of $995m are 13 per cent down on a year ago and for the *first nine months of its current* fiscal year sales are 17 per cent lower at $2.9bn.

The group's net loss of $34.7m in the first nine months compares with a net profit of $46.8m in the same period of last year. During the first nine months of the current year results have been boosted by a $23.4m after tax gain on inventory reductions.

The company has always valued its inventories on a Lifo basis (last in first out). When Lifo-valued inventories decline, lower costs which prevailed in earlier years are matched against current year revenues, resulting in higher reported net income.

Firestone back to profit in third quarter

By Our New York Staff

THE RECOVERY in the North American car industry has boosted the performance of Firestone, the second biggest U.S. tyre producer, which yesterday reported a one-third rise in its third-quarter operating income to $84m.

Net income in the three months to end July totalled $31m, which compares with a loss of $27m in the same period last year when the results were affected by a $57m charge to cover plant closure.

Operating income of the North American tyre operations rose 23 per cent to $48m and international operating profits were 80 per cent up at $27m in the three month period.

For the first nine months North American operating profits more than doubled to $105m and international operating profits are 40 per cent up at $81m.

Dutch paper group declines

BUEHRMANN TETTERODE, the Dutch paper wholesaler, has increased first half net earnings by 72 per cent to Fl 6.4m ($2.18m) from Fl 3.7m a year earlier. The improvement largely reflected a *27 per cent decline in interest* payments.

The operating result was down 17 per cent at Fl 48.1m on turnover broadly unchanged at Fl 1.3bn.

The company said the lower operating result stemmed mainly from a decline in results in its trading division, which was faced with a further weakening in demand for graphic equipment.

The printing and distributive trading division was still under pressure from the recession but showed some signs of improvement.

Zilkha buys 42% of Towner Petroleum

BY TERRY DODSWORTH IN NEW YORK

MR SELIM ZILKHA, the founder of Mothercare who sold his final 23 per cent stake in a £19m ($29m) deal with Habitat 18 months ago, is embarking on a career in the U.S. oil and gas industry.

In collaboration with Mr Ronald Simon, his nephew and an oil industry consultant, Mr Zilkha is spending $25m for a 42 per cent stake in Towner Petroleum, a mid-ranking, *independent Ohio group which has* recently been hit by the slump in the energy industry.

Mr Zilkha, who is 56 and will become chairman of Towner, said yesterday he intended to become fully involved in running the company.

Mr Zilkha's investment comes when some U.S. energy specialists *are forecasting a recovery in the* sector as the U.S. economy strengthens. But the severity of the recent downturn was reflected in a second quarter net loss at Towner of $14m, largely resulting from $12m of asset write-downs.

At the same time Towner's banks led by Marine Midland, have deferred the collection of $6.5m in interest, and yesterday's agreement is contingent on an amended bank loan package. Mr David S. Towner, *the present chairman, said yester*day a preliminary letter of agreement had been received

After the injection of the new funds, Towner will still be relatively highly geared, with about $56m of equity supporting loans of $105m. But Mr Towner said he was confident that the company would be able to master its cash flow problems.

INGVAR KAMPRAD PREPARES TO ESTABLISH FIRST TWO STORES IN THE U.S.

Ikea to furnish another continent

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

PER ALBIN HANSSON, Social Democratic Prime Minister of Sweden in the 1930s, may have made the country "the People's Home," but it was Ingvar Kamprad who furnished it.

Mr Kamprad, 56 year-old owner and founder of Ikea, one of the world's largest furniture chains with sales in the last 12 months (to the end of August) of SKr 6.025bn ($773.4m), is now planning to take his unique brand of low-cost, assemble-yourself, Scandinavian fur*niture to the U.S. following his run*away success in continental Europe.

With 50 stores in Europe and Canada and franchising operations in *Australia* and the Far East, Ikea is now preparing to establish its first two American furniture stores on the U.S. east coast by late 1984 or early 1985.

Mr Kamprad, a farmer's son from Småland, a southern Swedish province of lakes and forests famed in Sweden as a hotbed of private enterprise and a breeding ground of small and medium-sized businesses, started out in the late 1940s selling flower seeds by post. His goods were brought to the post office on the local milk float.

He quickly moved into mail order and the selling of furniture in kit form in accordance with the principle of "avoiding transporting and storing air." Today few large cities in Scandinavia, West Germany, the Netherlands, Switzerland or Austria are complete without one of Ikea's huge warehouse *stores* strategically placed near the motorway system.

West Germany is Ikea's biggest single market, accounting for 44 per cent of the group's SKr 6bn turnover, with Scandinavia providing a further 35 per cent of sales and the rest of Europe 15 per cent. Some 20 per cent of the furniture sold in Sweden comes from Ikea. The concern started up nearly two years ago in France in rented premises and is opening its first purpose-built store to the southeast of Paris next month.

The UK is also high on Ikea's list of new markets for the future, but in three years it has been unable to *find a suitable site. A first store in* the UK is unlikely before 1986, Mr Kamprad said yesterday.

Ikea has always shied away from revealing any consolidated profit figures, but estimates have put the group's after-tax earnings at SKr 400m–SKr 500m. Mr Kamprad promised yesterday to produce the first consolidated figures next autumn. To finance current expansion plans for opening two to four new furniture stores a year the group needed after-tax earnings of at least SKr *300m–SKr 400m a year, he said.*

According to Mr Ken Muff Lassen, one of a 28-member Ikea management group based in Copenhagen, the company's current profitability is "good and satisfactory."

The concern now has 533,000 square metres of floor space in its stores around the world and a work*force of 8,000 of whom 2,500* are in Sweden. Around 55 per cent of its furniture still comes from Scandinavia, but increasingly Ikea has also turned to cheaper sources, buying 20 per cent of its supplies from Eastern Europe and 20 per cent from other West European countries.

In recent years Ikea has also made modest moves into insurance and banking, including the purchase of a more than 80 per cent interest in the small, commercial Bank of Copenhagen.

Although deeply dependent on its image of selling the Swedish lifestyle, the ownership of Ikea has been slipping gradually out of *Sweden, as Mr Kamprad has made* preparations for the transfer of power after his retirement. He has been trying to secure the concern both against crippling death duties and possible family strife.

Industrial ownership is a sensitive subject in Sweden, and controversy was aroused recently when rumours surfaced suggesting that Mr Kamprad was planning the imminent transfer of his shares to a religious foundation in the Netherlands. In fact the moves to structure *Ikea's ownership around a Dutch* foundation have been under way for several years.

Mr Kamprad himself left Sweden ten years ago, moving first to Denmark, where the group management is located, and then to Lausanne, Switzerland, to ease his personal tax problems.

Ten years ago he started to form a number of holding companies in the Netherlands – the most important are Ingka Holding Europe, Ingka Holding Overseas and Ingka *Holding Scandinavia – which today* own the operational Ikea companies worldwide.

The holding companies in turn are partly owned by a Dutch foundation – set up to promote "outstanding achievements within the area of architecture and interior decoration" – and partly by the Kamp*rad family.*

In order to comply with Swedish legislation the main part of the shares in the Swedish company Ikea Svenska AB – some 60 per cent – are still owned by the family, but it is a stake that Mr Kamprad is anxious to reduce. As one solution to the succession problems he has considered floating Ikea on the stock exchange but rejected the idea because of "the risk of short-term activities and the cost of dividends."

"I have enough money for bread and schnapps and crayfish," says Mr Kamprad, "it is a question of power."

For the present he still reigns supreme over Ikea, but the foundation construction is supposed to prevent problems in the future. "I have three sons... I do not want that a change of generation with possible future conflicts within the family will jeopardise the unity and development of Ikea."

Setback for Lauritzen

BY HILARY BARNES IN COPENHAGEN

J. LAURITZEN, the Danish shipping company, achieved worse first-half earnings than expected, with results considerably down on 1982. The company gave no figures.

Second-half earnings are also likely to be affected by the weak markets for the company's refrigerated cargo vessels, offshore drilling units and heavy lifting vessels. Lauritzen made a net profit of DKr 291m ($29.8m) in 1982.

Earlier this year, Lauritzen took over P&O's fleet of refrigerated cargo vessels, of which it currently operates 30. Only one or two of those have been laid off so far this year, but the market has been adversely affected by storms and droughts in various parts of the world.

Offer for Campsa stock

BY DAVID WHITE IN MADRID

SPAIN'S state energy holding company, Instituto Nacional de Hidrocarburos (INH), is to offer minority shareholders in the Campsa oil distribution authority two and a half times the nominal value of their shares in order to take full control.

The move is the first stage in a reorganisation of Campsa, whose monopoly the European Commission wants dismantled if and when Spain joins the EEC.

Campsa, already 53 per cent controlled by INH, holds responsibility over the transport, distribution, storage and marketing of oil products.

INH's bid, submitted to the Bourse authorities, prices Campsa's nominal Pta 500 shares at Pta 1,250.

INTL. COMPANIES & FINANCE

Dubai jail term highlights the problems of Arab investors

Salutary lesson for commodity firms

BY KATHLEEN EVANS AND MARY FRINGS IN BAHRAIN

ON Monday the British manager of the Dubai office of Legarleon Commodities was released from prison. Mr Brian Angove's eight weeks in jail have raised serious questions as to the future of commodity dealing not just in the Emirates but in the Arab world as a whole.

Mr Angove had been general manager of Legarleon Commodities (Dubai) for only a few months when, as the highest ranking executive of the company, he was arrested on June 17. This was after a Mr Hussain Faisal, a UAE national, had obtained a court order making Mr Angove responsible for an alleged debt of Dh 1.8m ($500,000).

Legarleon Commodities (Dubai) is 49 per cent owned by Legarleon of Hong Kong with the rest of the shares being held by a group of UAE nationals, including some prominent in commercial and financial circles.

The Abu Dhabi courts have now accepted the defence contention that it is the company's partners rather than the manager who are ultimately responsible for the bond required by the courts. Mr Angove was not even in Dubai when the disputed transaction took place nearly two years ago.

For commodity dealers working in the region the Legarleon saga has proved a salutary one. Not surprisingly many of these saw the Middle East as a promising market for clients. A few years ago several dealers set up in Bahrain, no doubt intent on scooping up the funds of Arab investors on the look-out for quick profits.

When the Bahrain Monetary Agency decided to regulate these fast-growing institutions and introduced guarantee requirements to protect local investors, several of the dealers moved their base of operations to the unregulated markets of the UAE. Quickly they attracted funds from many UAE nationals and wealthy expatriates who joined the existing long list of, primarily, Saudi clients.

So far it has not been a happy experience, particularly for the investors. For Legarleon is the third commodity dealing company to go into liquidation in the Emirates. Earlier two other brokers, Unigold and Trivest Commodities, went bust leaving a string of claims totalling millions of dollars to be settled by the courts.

Even such prestigious names as Merill Lynch have not been untouched. This well-established trading giant faces a court action in Dubai from a client alleging mismanagement of funds.

A large part of the problem is the complexity of the business of futures trading and the relative inexperience of Arab investors in this field. Such investors, accustomed to fat profits from their local activities saw futures trading as a means of obtaining similar gains abroad. As such, Middle East investors are unused to making losses, especially of the size that can occur on the futures markets.

For many UAE investors the long range playing of the commodity markets came to resemble the Souq al Manakh operation in Kuwait. As with the Souq, which crashed leaving billions of dollars of uncleared postdated cheques last year those who played the futures markets and lost became deeply embittered.

This bitterness was increased when it was found that not all of the commodity dealers in the Gulf played by the rules. Many of the newer entrants were managed by Hong Kong broking companies and several are under investigation by their own exchanges for dubious dealings. Five firms have already been suspended for irregular trading.

In the UAE the most common complaint from investors is simply over the scale of the losses involved. Some have had their entire investment wiped out—a rare phenomena, say experienced brokers.

Even more seriously, however, when investors have made losses and attempted to withdraw their remaining funds they have found local dealers often unable to come up with the money. Some investors are now alleging that several dealers have not been making the transactions ordered by the clients.

A group of Saudi investors dealing with a Hong Kong related company had ordered the purchasing of a large quantity of gold in New York. A later investigation by Comex found that not only was there no record of any such purchases but that insufficient quantities of gold were being traded at the time of the order to have covered such a big transaction.

Another major accusation against the commodity dealers is the hard sell approach used by them in the region. Potential investors are wooed by long lunches, glossy brochures and encouraged to expect high returns.

All the companies ask their clients to sign statements acknowledging the risks involved in such speculative investments. But Arab investors complain that little has been done to draw their attention to the possibilities of large losses and that these risk acknowledgement statements were just one of a bundle of papers they were asked to sign.

In some extreme cases there have been investors who have lost all of their life savings playing the commodity markets. It is normal practise for the reputable dealers in the U.S. and elsewhere to advise clients not to risk more than 10 per cent of their net worth on such markets. In the UAE such cautionary advice was not mentioned by the salesmen pushing the commodity dealers wares.

As for Legarleon itself, it remains unclear how much of its Dh 1m issued capital is available in the UAE. Its local partners are now suing the Hong Kong parent in the colony's courts alleging illegal transfer of funds. Some Dh 400,000 in realised assets have been paid out by the liquidators in staff wages and settlements of accounts.

The company is still active on the Hong Kong exchange and is a member of the Chinese Gold and Silver Exchange Society. One of its principals, Mr Thomas Lo, who was responsible for the overseeing of the Dubai operation has not been seen in the Gulf for some time and the parent company did not respond with requests to provide a bank guarantee to obtain Mr Angove's early release.

As the investors and the reputable brokers examine the damage following the Legarleon saga the Dubai municipality is now said to be, belatedly, considering some protection measures for investors. Yet the business of all the commodity dealers is bound to be affected by the bad odour left by the sharper operators and this could well affect their standing throughout the region for some time to come.

OUB ahead at half-time

GROUP PROFITS of the Overseas Union Bank (OUB) increased by 8.5 per cent to S$21.5m (U.S.$10m) after taxation in the half-year ended June 30 last. The bank also disclosed diminution in the value of assets and transfers to inner reserves, writes Georgie Lee in Singapore.

The group revealed that the after-tax figure excludes a profit on the sale of investments by its subsidiary amounting to S$7.2m.

Profit of the parent bank itself expanded at a lower rate of 2.3 per cent to S$20.1m. OUB has declared a gross interim dividend of 10 per cent.

The group's finance subsidiary, Overseas Union Trust, reported a sharp rise of 40.3 per cent to S$3m in pre-tax profit for the same period.

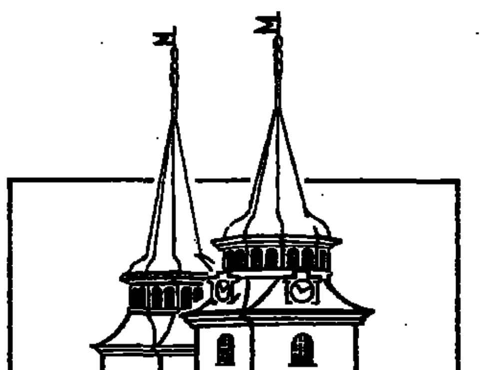
In a separate announcement OUB's widely diversified associate company, Overseas Union Enterprise (OUE) disclosed a 4.4 per cent improvement in group pre-tax profit to S$16.6m for the six-month period.

Hong Kong bank improves

THE Hongkong and Shanghai Banking Corporation has reported consolidated net profits of HK$964m (U.S.$129.6m) for the six months to June 30 1983, 8.6 per cent higher than the HK$888m reported for the corresponding prior year period, writes Robert Cottrell in Hong Kong.

The previous year's figures are restated on the equity accounting base which the bank adopted at its last year-end. The Bank also says total assets increased between June 30 1982 and June 30 1983 from HK$379bn to HK$428bn, while shareholders' funds rose from HK$15.6bn to HK$16.7bn.

Banks in Hong Kong are allowed to make undisclosed transfers to secret inner reserves, so neither the publicly-stated profits nor assets figures necessarily reflects the bank's true position.



MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Acorn's bid for a separate identity

Jason Crisp reports on the steps taken by the UK computer company to build on its strengths

FEW SMALL companies have had such a flying start as Acorn—one of the leading players in the UK's thriving microcomputer business. Acorn supplies the highly successful BBC microcomputer and is the major source of micros in primary schools.

Founded five years ago, it is in the last two years that Acorn's fortunes have rocketed. In the last financial year sales reached £42m, compared with £9m the year before, and customers are still queuing for its products.

But Acorn is entering a new phase which will be a major test of its maturity. Significant events include:

- an expensive launch into the U.S. market where it faces ferocious competition from giants like Texas Instruments, Atari, Apple and IBM;
- yesterday's launch of a new *low cost product (the Electron)* for the UK, to compete with Sinclair and Commodore at the bottom end of the market but without the direct benefit of the BBC label;
- the sale of 10 per cent of its equity on the unlisted securities market;
- the development of a business computer for launching next year.

In addition the fierce price war for personal computers in the U.S. and to a lesser extent in the UK is making business much tougher.

Acorn's still sparkling reputation is largely based on its technological strengths—a key *factor which helped it win that* all-important contract to supply the BBC two years ago. A remarkable 40 per cent of Acorn's 200 employees are involved in research and development and the company has ambitious plans for new products.

Acorn has close links with Cambridge University's Computer Laboratory and most of its technical staff have been recruited from the university. "We are a nice transition from academe to the brutal world of commerce," says managing director, Chris Curry.

But in many other areas Acorn's image has been tarnished. Past problems have included much delayed product launches, long waiting times for computers and peripherals, weak technical support, poor relationships with dealers and a general lack of software.

Acorn is not unique with these types of problem. Indeed they are almost the norm for the UK microcomputer industry—which appears to have unusually forgiving customers. The cachet of the BBC name made customers even more willing to wait for the Acorn products.

Acorn has begun to meet some of the criticisms—such as having a full-time staff of 20 answering technical queries on the telephone—but the launch yesterday of the newest micro, the Electron, was first promised at the beginning of this year. The Electron will take Acorn for the first time into close competition with Sinclair Research, the company founded by Curry's old friend and colleague Sir Clive Sinclair. Earlier this year Sinclair cut the price of its top computer from £125 to £99.

Acorn has gone out of its way to say it will not cut prices. The price war in the U.S. has caused major problems for Texas Instruments, Atari and the Timex version of the Sinclair computers. Chris Curry, one of the co-founders of Acorn, worked with Sir Clive for 13 years at the ill-fated Sinclair Radionics, which made pocket calculators and very small televisions, and was eventually rescued by the National Enterprise Board (now part of the British Technology Group).

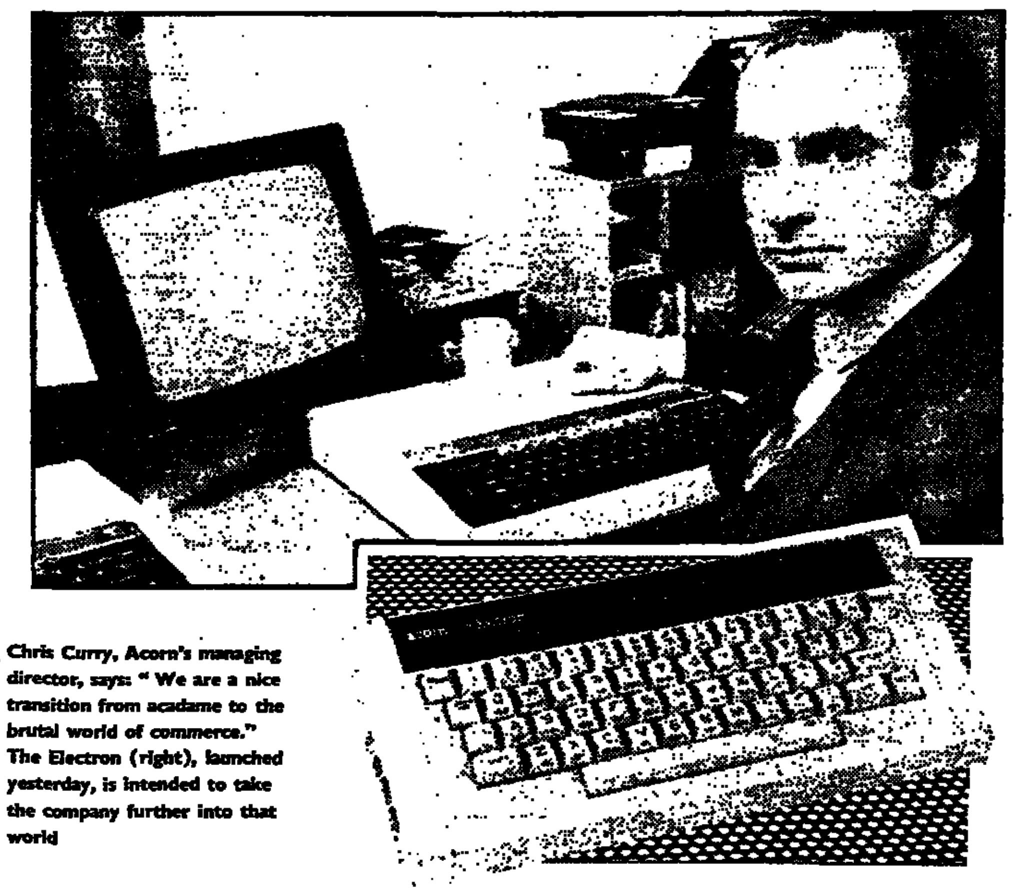
Curry left the troubled Radionics company to run another Sinclair offshoot, Science of Cambridge, and launched one of the first microcomputers in the UK. This was in kit form and strictly for electronics enthusiasts. He left Science of Cambridge because of disagreements with Sinclair over future product policy and autonomy.

Chris Curry, together with Herman Hauser—who was also working at Science of Cambridge—*left and set up a micro*processor consultancy called the Cambridge Processor Unit. One of the consultancy's early assignments was solving the development problems of an electronic one-arm bandit. The money from that assignment helped finance its first computer.

Acorn launched that computer, the Atom, in 1978. It cost £120 and was sold without any applications software, just an operating system. One of its claimed strengths was the well-structured version of BASIC used for programming. It was initially aimed at the educational market but it did poorly there because at the time schools opted for a more standard version offered on a computer from the Oxford-based Research Machines.

As a result less than 10 per cent of the Atoms sold actually went to the education market, although it was still reasonably successful with enthusiasts and also with the more general consumer market. Acorn had also begun to develop a new and much more powerful microcomputer—the Proton—which used two microprocessors.

Before the development was completed Curry learnt that the BBC was planning to run a series on computer literacy based on *a low-cost micro*. At that time there was little to distinguish Acorn from the host of other fledgling British microcomputer companies.



Chris Curry, Acorn's managing director, says: "We are a nice transition from acadame to the *brutal world of commerce*." The Electron (right), launched yesterday, is intended to take the company further into that world

To win this golden prize Acorn had to make a number of concessions. The BBC's technical requirements, inflexible programming schedules, poor estimates of potential demand and low pricing were all to lead to problems.

Design problems with a special microchip meant the series had to be delayed until Acorn solved them. The BBC had estimated demand for the micros to be 12,000—based on audience research figures. This turned out to be a tiny fraction *of the actual demand. (Produc*tion is currently 18,000 a month and it is being stepped up to 25,000 in September.) The BBC also held Acorn to too low a price which had to be increased from £230 to £299 for the basic model. (Quite against expectation the BBC micro was not particularly price sensitive; 75 per cent of sales have been of the more expensive model which costs £399.)

Like Sinclair Research and several other new microcomputer companies set up in the UK, Acorn does not manufacture the computers itself. The BBC computer was made by ICL, Britain's largest domestic computer company, and Cleartone in Wales. The new Electron is being made in Singapore.

To add to Acorn's problems Cleartone went into liquidation at a critical point.

But the problems were eventually resolved and Acorn then received a major fillip by becoming one of two (now three) approved suppliers of micros for schools, thus getting a 50 per cent subsidy from the DoI. Acorn claims to have about 80 per cent of the primary schools market and 45 per cent of secondary schools.

The company has now begun to look to new fields. The Electron, which costs £199, will be able to use some of the software available for the BBC micros. Although this sector of the market is fiercely competitive, it is growing very rapidly. Acorn hopes to be selling 20,000 a month by October and plans to advertise the Electron heavily (£2m will be spent on promoting its products between now and January 1984).

Acorn says its relations with dealers are improving and there will be a better margin on the Electron than on the BBC computer. Dealers have complained of the poor margin on the BBC, but the continuing strong demand ensured they continued to stock it.

Acorn is also planning a major move into export markets. Curry wants to see a proportion of overseas sales about equal to its UK business within two years. At present it is 10 per cent.

The main target is the education market in the English speaking countries including Australia, South Africa and the U.S.

Acorn's planned foray into the U.S. is a much tougher proposition. A first step has been to buy the U.S. rights to the first BBC series on micros for $270,000. Acorn has "given" the programme to the U.S. Public Broadcasting Service (PBS) which intends to show it three times.

"We can't possibly compete with the U.S. companies' campaigns; they spend money on advert*ising* as if they were promoting soap powder," says Curry.

Acorn also plans to concentrate on the U.S. education market which attracts particularly fierce competition. Many of the leading U.S. companies strongly support the schools market. Apple, for instance, has given computers to schools and IBM has been loaning its "personal computer" to schools in some areas.

Acorn has set up a team to bring together all the education software which has been written for its microcomputer by third parties. Software is the key to that market and Curry believes it will be Acorn's major strength. The hardware and the software will be offered as a complete package in the U.S. and will cost $900. The availability of suitable software is particularly crucial in the education market and is one of Apple's particular strengths. Acorn hopes it has identified a niche between the low cost home computers—where there is a vicious price war in the U.S.—and the more expensive machines, such as those from IBM.

The main U.S. launch is planned for September. Acorn has a tentative agreement with Computerland, the large chain of franchised computer retail stores, to stock its micros.

Curry expects Acorn will lose "several million dollars" in the first two years in the U.S. but thereafter he believes it will reap substantial earnings. Once established, the computers will almost certainly be made in the U.S. as well.

Another major new venture for Acorn is a plan to launch a low-cost business computer costing from £900—for a very basic terminal—up to £2,500. It will be based on the BBC machine but will be more powerful, using two microprocessors.

Acorn hopes to sell the business machine to large companies—a considerable number of BBC micros have already been sold to that market. "There is an enthusiasm and a high level of appreciation for the Acorn product and a number of doors are open to us," says Curry.

Another recent development is to become a so-called original equipment supplier, producing computers for other companies to sell under their own names.

British Telecom has ordered two versions of the Electron to be used for information retrieval.

In preparation for the sale of part of its equity on the USM. Acorn has begun to formalise its management structure. The company has been largely run by Curry and Hauser, together with a finance director. Now the company is creating a board with directors for research, sales, manufacture and finance.

The main reason for the flotation is to finance the venture into the U.S. and other overseas markets and also to give the company a better capital base which Curry acknowledges to be "minute" at the moment.

Acorn is based in a former water-softening plant outside Cambridge and is already bursting at the seams. The plan is to build a new extension in a field alongside which will house its expanded research team and expensive equipment to make prototype microchips to enable *it to speed up the design* process.

Acorn is expected to be one of the more exciting companies to come to the USM this year, even if enthusiasm for the personal computer market is being dampened by the price war in the U.S. When Sinclair Research—the nearest comparable company—offered 10 per cent of its equity privately last year potential investors fell over each other in the rush. In spite of the problems which face Acorn it is likely that enthusiasm for this high flying microcomputer company will be strong.

Business courses

Sales management — team leadership, Kent. September 11-16 1983. Fee: £550. Details from John Davies, Client Services Director, Sundridge Park Management Centre, Bromley, Kent, BR1 3TP. Tel: 01-464 4121.

Marketing strategies in a rapidly changing world economy. London / Zurich. September 12-13 1983 (London); September 15-16 1983 (Zurich). Fee: Non-members BFr 55,000; members BFr 50,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium. Tel: 02 219 03 90.

APL Business Technology 83, Loughborough. September 19-21 1983. Fee: BSC Member £125; non-member £160; academic rate £60. Details from Valerie Mason, APL Business Technology 83, 73 Clapham Common South Side, London. SW4 9DG. Tel: 01-493 6172.

Intercompany netting systems—an aid to effective international treasury management, Brussels. September 14-16 1983. Fee: Non-members BFr 44,000; Members (AMA/I) BFr 40,000. Details from Management Centre Europe, Avenue des Arts 4, 1040 Brussels, Belgium. Tel: 02 219 03 90.

Value for money from your computer, London. September 27 1983. Fee: Members £120.75; Non-members £138. Details from the Post Qualifying Education Department, the Institute of Cost and Management Accountants, 63 Portland Place, London W1N 4AB. Tel: 01-637 2311.

Selling to industry, Kent. September 25-30 1983. Fee: £550. Details from John Davies, Client Services Director, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-464 4121.

The financial controller in a changing world — a review of European and U.S. practice, Brussels. September 19-21 1983. Fee: Non-members BFr 48,000; Members (AMA/I) BFr 43,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium. Tel: 02 219 03 90.

Measuring and improving business efficiency — organisation and methods in the modern enterprise, Peterborough. October 16-20 1983. Fee: Members £575; Non-members £661.25. Details from the Post Qualifying Education Department, the Institute of Cost and Management Accountants, 63 Portland Place, London W1N 4AB.

TECHNOLOGY

EDITED BY ALAN CANE

THE AGE OF TELECONFERENCING IS COMING NEARER

Microchips threaten business travel

BY GEOFFREY CHARLISH

THERE are those in the communications industry who believe that, given modern transmission techniques and "chips," business travel will soon be the exception rather than the rule.

The rationale is simple enough: transmission, especially of images, by digital methods over optical "phone" lines must get cheaper and cheaper due to the low cost of bandwidth on fibre, while air and surface travel, mainly due to decreasing hydrocarbon reserves, must get dearer and dearer.

Meetings can only get costlier and there is a feeling that after some false starts, we might now be much nearer *to the age of* video "tele-conferencing."

While optical land line growth is necessarily rather slow and optical submarine cables are not yet fully developed, the communications satellite has come into its own and increased powers are allowing small - diameter, low - cost earth stations to be sited on companies' premises.

Even so, bandwidth still signifies expended cash, so the search has never stopped for a means of accommodating images, moving images in particular, within fewer megahertz.

But these "bandwidth compression" systems have tended to degrade definition of the picture, particularly where components of it are in motion.

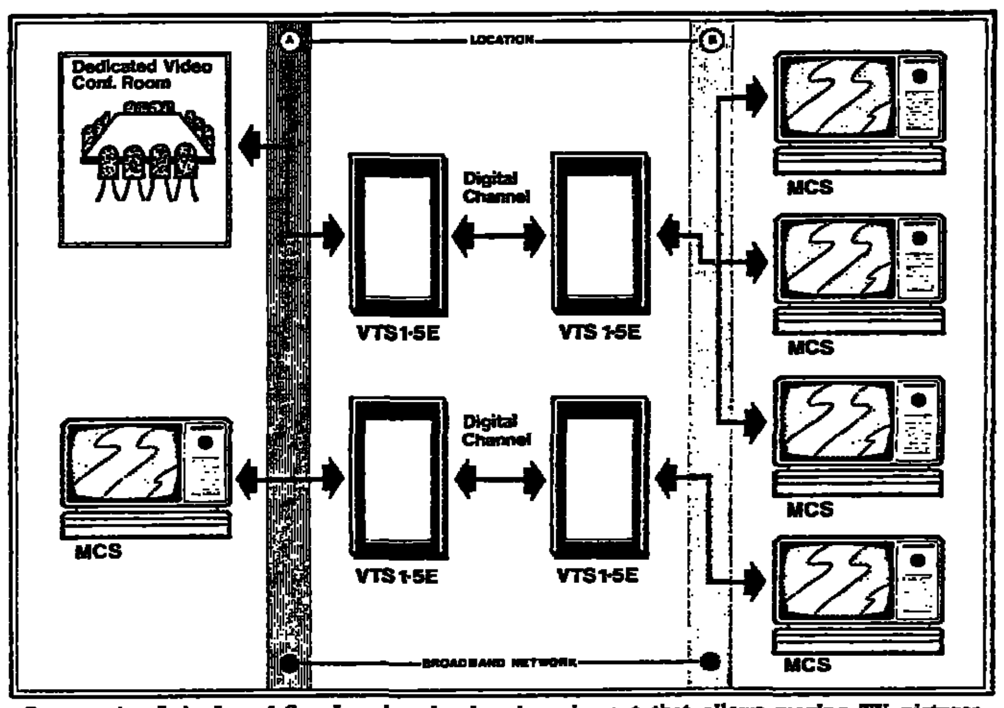
In addition, facilities for video - teleconferencing have frequently been either cumbersome or simply inconvenient—often the participants have had to travel to a local conferencing centre.

A small company (70 people, nine Ph.Ds) in Silicon Valley called Compression Labs Inc, (CLI) appears to have mastered the compression problem with a new system called VTS 1.5E to become available in October at $145,000.

It can operate at user-selected transmission rates from 512 kiliobits per second up to the European channel rate of 2.048 megabits/sec. Normally, a broadcast colour TV picture occupies about 6 MHz.

The company says that the new system allows more transmission bandwidth to be used for multiplexing other information at the same time as the compressed video, such as audio, graphics or binary data.

CLI has also developed a compact camera/projection conferencing system that is said to eliminate the need for a specially fitted room. Known as the mini-conferencing system (MCS), it costs $35,000.



Compression Labs Inc of San Jose has developed equipment that allows moving TV pictures to be transmitted relatively cheaply over a standard 2.048 megabits per second digital channel. Diagram shows how at each end of a digital link the miniconferencing system (MCS) can exchange signals at a normal broad bandwidth while the VT 1.5E equipment handles the long-distance "compressed" connection.

Until recently CLI's chief product competitor was Nippon Electric Company (NEC) in Japan, but GEC McMichael in the UK now has a system designed to suit the European 2Mb/s channel standard.

CLI's technology, called differential transform coding (DXC), uses two techniques called interframe and intraframe picture coding.

As in all modern TV picture processing, each raster is digitised into pixels (minimum picture elements) and held in solid state store, from where it can be processed.

In interframe coding, a fairly well established technique, the value of each pixel in succeeding frames is compared, pixel for pixel, with preceding frames. Only the differences in values are transmitted. Thus, in a still picture, no changes would be detected and the transmission bandwidth required is low.

But as motion increases, more and more pixels undergo value changes and the required bandwidth increases, possibly beyond what has been allocated, giving rise to jerky motion or blurred portions of the screen.

In intraframe processing, each frame is tackled without reference to any other, but the picture area is divided up into about 800 groups of 16 x 16 pixels in rectangular clusters called cells. These are scanned, encoded and the compressed digital result for each cell is transmitted.

Since there is no frame-to-frame relationship, the technique is virtually independent of movement. But because the compression is applied to each frame, picture quality is somewhat less crisp than an interframe display of low-motion content.

In an algorithm of its own, CLI has combined its previously developed versions of the two techniques so that, as movement in the scene increases, there is no serious loss of quality.

In fact, at a recent demonstration in San Jose the only *visible effect of 120 times* compression of the picture data rate was a slight delay of rapid movement which, with no live action for comparison, would not be seen at the receiving end of a link.

The VTS 1.5E also has a graphics option which lets users run the system in a still-frame mode at a much reduced transmission rate of 56 to 64 kilobits/sec.

For those meetings that do not require full motion video and can be conducted using still-frame graphics and sound, the transmission rate can be reduced significantly along with transmission costs.

It seems likely that CLI will be making its systems available soon in Europe, although it admitted that the bulk of the market is in the U.S. at the moment where the dish on the roof or on the corporate lawn is becoming a common sight.

Nevertheless, CLI has been talking to Cable and Wireless, Plessey and STC among others.

The company also does not deny that the technique is applicable to over-air television and by the same token to cable TV.

In the longer term it means that the present congestion of *the airwaves in broadcast* TV bands could be relieved and that the cost of cable TV transmission could, presumably, be cut. Alternatively, higher definition pictures could be transmitted without the normally assumed bandwidth penalty.

Certainly, all the major TV organisations are conducting research in this area. But the real world of TV transmitters and receivers is analogue at the moment. It is a big change to make.

Logica offers Xenix version 3.0

THE LINKING of Logica's name with Microsoft via a second sourcing agreement for the Xenix computer operating system—and therefore with Bell Labs which developed the original Unix operating system upon which Xenix is based—puts the UK company in a strong European marketing position with the 3.0 version which has just become available.

So far Xenix has been mainly used with minicomputers but Xenix 3.0 is a commercial implementation of the multi-user Unix System 3 tailored specifically to 16 bit microcomputers. Specific enhancements for the micro market include menus, support for "mouse" screen pointing devices and the ability to read and write to files generated via MS-DOS, the increasingly popular Microsoft operating system.

Hector Hart, commercial manager of Logica's software products group, says he has several major hardware firms interested including Tycom, Plessey and ACT. In the U.S., Apple's Lisa and the Tandy Model 16 will be the first to run Xenix 3.

Logica is currently devoting 41 people to the exercise including eight salesmen chasing OEM prospects. Hart expects the turnover contribution to Logica to exceed 10 per cent within three years, compared with the present level of about 2.5 per cent. More on 01 637 9111.

CARBON FIBRE IN SPORT

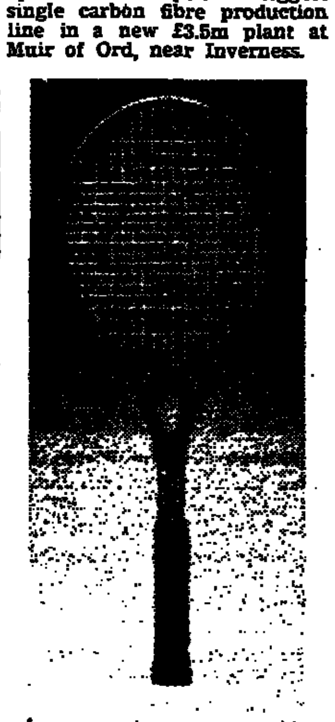
'Open throat' should swallow tennis elbow

BY IAN HAMILTON FAZEY

A BRITISH design team will next month demonstrate a revolutionary, pure carbon fibre racket that it claims will eliminate tennis elbow—caused by the repeated absorption by the arm muscles of the shock of the racket hitting the ball.

The basic design feature was worked out from high speed video studies of how tennis rackets behave in play. The availability of pure, continuous carbon fibre filament tape from a new factory in Scotland has made it possible to build a new racket.

The racket is a joint *collaboration between* Win Sports Products of Dunton Bassett, Leicestershire, and the Stockport-based RK Technologies Group, whose subsidiary, RK Carbon Fibres, has opened Europe's biggest single carbon fibre production line in a new £3.5m plant at Muir of Ord, near Inverness.



The unique feature of the racket is its "open throat." Normal tennis rackets consist of an elliptical frame to which a handle is attached. The elliptical loop, across which the strings are stretched, is closed. But the new racket's loop is open at the bottom.

This enables energy generated by hitting the ball to ripple up and down the strings, a process that occurs almost instantaneously. Because the open throat allows the racket head to flex under stress—so that one half is usually twisting in the opposite direction to it counterpart—little of the energy involved is absorbed by the frame.

The advantage of this is that the full power of a tennis stroke is transmitted across the whole racket face, and this happens regardless of which point on the face the ball is struck. The effect is to maximise the amount of power transferred to the ball.

In conventional rackets the shock radiates outwards from the point of impact to be considerably absorbed by the closed loop of the frame. This makes the racket "whip" and not only robs each stroke of some of its power but may cause tennis elbow through the cumulative transmission of that absorbed shock along the forearm.

"Whip" has been thought in the past to be an important element in racket's "power," contributing to things like speed of serve. Mr Gordon Tilley, managing director of Win Sports Products and keen tennis player, says that this notion has *now been discredited* by his research.

He says that the new design could not have been constructed from "chopped-up bits" of carbon fibre used in existing, misnamed, "graphite" rackets. Only continuous strips of the material, bonded with aerospace grade epoxy resins and combined with high-damping core material, give a structure of sufficient strength and rigidity to cope with the open throat while still being light enough to wield.

The racket goes on show at ISPO, the world's largest sports trade exhibition, in Munich next month. Worldwide patents have been applied for and the two companies involved are resisting selling the idea to a large manufacturer, many of which already use Win designs of conventional rackets.

It is expected to retail at between £150 and £200. Already several of the world's leading players have asked to try it out but Mr Tilley is not hopeful of that leading anywhere because, he says, "they will all continue to play their tournaments with the rackets they are paid to play with."

Direction finding

Sound research

A RESEARCH team under Professor Philip Harper at Heriot Watt University, Edinburgh, in association with British Technology Group has devised a technique for determining the direction from which sound is coming.

An important application will be in the determination of the position of drilling bits in oil exploration, currently carried out with microphones placed in existing adjacent wells.

The new system uses the vibrations set up sympathetically in the ring edge of a hemisphere placed in the sound field. The effect is described as rather like vibrating a wine glass; the results are mathematically complex but the main practical result is that the modes of vibration are fixed in relation to the direction of the impingeing sound closely enough to determine the bearing of the sound to within one degree.

The vibration is monitored by very small, lightweight semiconductor strain gauges placed around the edge of the hemisphere, which is 100mm in diameter, 1mm thick and machined to very high accuracy.

Other applications are expected in underwater sound determination and navigation systems for submersibles. More from Gordon Rollinson at BTG on 01-403 6666.

Briefly...

EATON launched Dataspec 1-E, a dicrete component tester specifically developed to meet the needs of Europe." Eaton Corporation is in Maidenhead on 0628 32336.

ASEA developed a continuous process control system called Novatune which automatically adapts control parameters to match changing process characteristics. London 01-930 5411.

Standard Chartered 15% ahead at £116m

DESPITE THE need to make large provisions for bad and doubtful debts, particularly in the UK and Hong Kong, the **Standard Chartered Bank** pushed *its pre-tax profits* up to £116.4m for the half-year to end-June 1983, an improvement of 15 per cent over the £100.9m returned for the opening half of the previous year.

The provisions rose from last time's £30.7m to £60.1m and were made up as to specific £53.1m (£29.3m) and general £7m (£1.4m).

The market appeared to be less than pleased with the results and the share price closed 22p lower at 470p.

An interim dividend of 9.5p (9.2p) net is being paid and, as indicated at the *time of the* rights issue last April, the directors expect to recommend dividends in respect of the full *year amounting* to at least 27p (same) on the enlarged share capital.

In their interim report they say that group profit experience this year has been mixed, with strong performances in South Africa, California and the UK International and Treasury divisions, a turnround into profit in Chartered Trust and rather flat or lower results in the East.

After financing costs, the Midland and International Banks acquisition made a contribution of £2.8m for the April/June

Apart from the provisions for bad and doubtful debts pre-tax figures were struck after deducting £18.5m (£18.3m) interest on subordinated loan capital and adding a £18.7m (£14.8m) share of associates profits.

Tax accounted for £48m *(£44.7m)* and after minorities £13.9m (£10.3m), and extraordinary debits last year of £1.2m profits at the attributable level emerged at £54.5m, compared with £45.9m.

Interim dividend payments absorb £14.8m (£11.9m) to leave retained profits of £39.7m *(£34m)*

Taking account of the rights issue stated earnings came through at 39.1p (35.4p) per £1 share.

For the 1982 year the bank returned pre-tax profits of £242m. It is proposing to change its name to the Standard Chartered Bank Group.

See Lex

Heavy exploration costs cut into Lasmo profit

A VERY heavy exploration programme carried out by **London and Scottish Marine Oil** has hit the results for the first half of 1983.

Exploration expenditure written off increased by £19.9m to £24.3m. Although this was *offset somewhat* by an exceptional £10.6m interest on past overpayments and a refund of past operating expenses paid to the company as a result of the small downward redetermination of its Ninian Field share, the net profit for the period fell from £22m to £17.8m, after tax of *£33.9m, against £42.2m.*

In the first half sales rose from £116m to £122.1m, and profits from the sale of oil and *gas, less amortisation and operat*ing costs, were held at £79.1m (£78.3m). Earnings were 20.9p (28.5p) and the interim dividend is held at 4.5p per share but on the higher capital as increased by the rights issue.

The chairman, Mr Geoffrey Searle, says the exploration programme has been exceptionally heavy and "will be nowhere near this" in the second half. He also expects the write-offs to be "nowhere near" those of the first half.

Production of oil and gas *totalled* 40,000 barrels of oil *equivalent* per day (32,200). The UK fields (Ninian and Beatrice) contributed the majority share of Lasmo's entitlement to oil and LPG production at rates of some 31,000 barrels per day.

Its entitlement will be reduced in the second half due to the Ninian Field redetermination *which requires the group to pay* back 2.4m barrels over a 16-month period, commencing July 1 1983. Ninian operating costs, production taxes and OPS payments will also be reduced as a result.

The Hewett Gas Field (Lasmo 4.62 per cent) averaged production net to Lasmo of 20m cu ft per day, and the share of oil production in S.E. Sumatra and the U.S. contributed net to Lasmo 3,800 and 1,900 barrels *per day respectively.*

The crude oil price of UK production in sterling terms averaged £19.31 per barrel for *the first half of 1983* which is a slight reduction in sterling proceeds per barrel for the similar period last year.

During the half Lasmo participated in 50 development wells which resulted in 43 oil and injection wells, one gas well and six dry hopes. A further seven wells were in the process of being drilled at June 30.

Some 10 oil and gas fields are currently being appraised for *further or future development.*

In the UK the "B" platform of the Beatrice Field (Lasmo 15 per cent) should be operating next year. Already Lasmo currently receives some 4,400 barrels per day and the new platform will add an estimated 2,000 to its entitlement. Subject to consent from the Department of Energy, construction of the Beatrice "C" platform should start in 1984.

Capital expenditure for production and development activities was £14.3m and total expenditure for the year is *expected* to be approximately £42m.

Since the end of 1982 a number of important changes have *taken place as a result of which* the finances of the group have been considerably strengthened.

The Beatrice acquisition has *been financed by two bank loans* aggregating £80m; the rights issue raised £43.7m; and since the end of June £19.3m has been raised by an issue of preference shares.

As a result the capital base has been strengthened and a significant shift away from short term to medium and long term debt has been achieved. The debt equity ratio was 1.8:1 at the beginning of the year and at June 30 1983, before the issue of the preference shares, it was 0.8:1.

Next year Indonesia should be *producing a positive cash flow.*

The changes in the 1983 Finance Act have improved the oil tax situation considerably. *Exploration drilling is now significantly* more attractive to groups like Lasmo with established UK production. Immediate relief

See Lex

Boost for Phoenix Properties

A TURNROUND from associate losses of £3,000 to profits of £57,000 at **Phoenix Properties and Finance** has helped boost pre-tax profits from £22,000 to *£122,000 for the six months to* the end of March 1983. The directors predict a satisfactory outcome for the year as a whole.

Pre-tax profits also included a £34,000 share of development profit this time.

The associate Kane Investments' improved figures were largely due to the sale of part of its office development site at Swindon to the Prudential Assurance Company on March 31 1983. Since then the sale of the mixed office and shop development at Reading has been completed and preliminary discussions on funding the remainder of the site at Swindon *are taking place.*

At Gatwick, a planning inquiry into Kane's proposed high technology development over 89 acres has recently been concluded, although the findings will not be known for some months.

The performance of Kane, and, in particular, the outcome of the planning inquiry at Gatwick, will exert an important influence on future profits. However, there are sufficient grounds for the directors to expect a satisfactory result for the year as a whole.

During the period under review rental income from investment properties was marginally lower. This reflected the temporary vacancy of some of Phoenix's smaller units, which are being relet. *This should not* have a material effect on the level of income for the year as a whole.

All losses have been eliminated from financial and investment and from personnel services—this last activity has *now been discontinued, say the* directors.

At the operating level profits were up from £69,000 to £107,000, which included rental income of £74,000 against £80,000. Pre-tax profits were struck after interest received of £5,000 £5,000 against £16,000 paid last time. Head office expenses took £47,000 (£27,000).

There was a charge for tax this time of £34,000. Earnings per 25p share were shown as increasing from 0.3p to 1.3p.

Copydex sharply ahead midway

FOR THE six months ended June 30 1983 profits of **Copydex** totalled £363,000 pre-tax, a sharp improvement over the £37,000 returned for the same period last year, and the interim dividend *is being* restored with a payment of 2.25p net per share.

The directors say that the reorganisation policies referred to in the accounts improved profitability considerably and they anticipate that pre-tax profits for the second six months will not be less than those reported for the first half.

It is pointed out that alterations in management structure are working well and that they are *bringing* about substantial economies and higher levels of efficiency and service to customers.

In particular, advances being made in marketing and sales are "noteworthy." Changes in manufacturing, distribution and administration procedures are also taking place and will further reduce operating costs.

Chairman Mr C. A. Leat regards the company's affairs as "being on a different and much improved footing," and he believes it will continue this progress as further planned changes take place.

First half turnover advanced from £3.48m to £4.16m—the group manufactures adhesives, *do-it-yourself products* and *floor* covering accessories.

Earnings per 10p share rose to 5.94p (1.21p) after tax of *£182,000 (nil).*

For the 1982 year taxable profits totalled £191,000 (£100,000) and a final dividend *of* 2.5p was paid.

Revenue slips at First Scot. American

For the six months to July 31, 1983 **First Scottish American Trust** produced revenue of £796,460, a reduction on the comparable result of £881,856, after tax.

Net asset value per 25p share is given as rising from 168.3p to 256.3p.

The net interim dividend has been held at 1.4p—in the last full year a final of 3.75p was also paid. For the six months earnings per share were shown as slipping from 2.75p to 2.47p.

Taylor Woodrow advances £1.98m at interim stage

Taylor Woodrow, the international engineering, construction and development group, raised its first half pre-tax *profits by £1.98m to £11.62m on* turnover 10 per cent higher at £317m, compared with £287m.

Earnings for the period, to end-June 1983, rose by 3.4p to 20.1p per share but the net interim dividend is being held at 5.5p—a *final* of 14p was paid previously.

In a statement last June Mr Richard Puttick, chairman, said the results for the current year to date were marginally ahead *of those of last year and that* the group had no problems at that time that were likely to have an adverse effect on its trading position.

He added that the current order book stood at £827m.

First half turnover included a £55m (£54m) share of related companies. Pre-tax figures were struck after deducting depreciation of £5.15m (£5.36m) and adding a £1.71m (£1.18m) share of related companies profits.

Tax accounted for £5.02m (£4.29m) and minorities £674,000 (£410,000) to leave available profits ahead at £5.92m, against £4.94m.

Mr Richard Puttick, chairman and chief executive of Taylro Woodrow.

● comment

Taylor Woodrow's housing operations were unusually depressed 18 months ago. The subsequent decline in interest rates *across the Atlantic* meant the house-building, particularly in Canada and to a lesser extend in the U.S. provided the main impetus behind a 20 per cent increase in pre-tax profits, indicating that the group could make £34m for the full year. However, the market was unimpressed and the shares slipped 6p to 544p against net assets of 921p. The profits rise masks a slight tightening in margins at the trading level chiefly due to a *continued shortfall of work* in the UK contractors' market. U.S. housing has also been held back by delays in legal *completions, but these are expected* to come unstuck in the current half. The group continues to hold up in tough conditions in the Middle and Far East, and confirms that it is getting payments out of Nigeria. The property side, which has contributed an increasing share of earnings in recent years, continues to improve. When the St Katharine's Dock development is fully let at the end of this year, it should *add around £3m to a gross rental* income which ran at £18m last year. On yesterday's price, the shares stand on a prospective *multiple* of 8.5, *assuming* a 43 per cent tax charge.

Rentokil sees continued growth

DURING THE first six months of the year pre-tax profits of the **Rentokil Group** advanced from £8.01m to £9.4m, and the *directors expect this "strong growth"* to continue in the second half.

Profits both at home and overseas improved in the half year to *June 30 1983* with the *UK* contribution up from £5.72m to £6.42m, and overseas from £2.3m to £2.98m. Turnover of this timber *preservation* and pest control company was £5.96m higher at £59.03m, which breaks down to UK £30.37m (£29.23m) and *overseas £28.66m (£23.84m).*

Recovery continued in the U.S. business, which broke-even over the period.

In the second half of last year pre-tax profits from the UK amounted to £5.85m from turnover of £29.32m, and overseas *£3.24m* from *£29.47m.*

The interim dividend is lifted from a *adjusted 0.6p to 0.675p,* after allowing for a one-for-one scrip issue.

Tax took £4.2m (£4.18m), minorities £65,000 (£43,000), and extraordiary credit nil (£591,000). There was an exchange deficit of £224,000 (£41,000 surplus) arising from the translation into sterling of net assets overseas, which has been taken direct to reserve.

● comment

Rentokil has been standing on a challenging PE in the high 20s for several months, sustained by an optimistic statement from the chairman in the annual report and bullish comments from brokers. The interim figures published yesterday were a little below expectations, but managing director Ken Bridgeman *expects a better second half* from the U.S. and Europe which *could bring pre-tax profits for* the year up to £20.5m. With the share price down 2p at 136p that puts Rentokil on a *prospective* fully taxed PE *of* just under 26.5. The company has a hard battle on its hands to sustain present growth levels, but some of the omens are good. The U.S. has broken *even* by the half-way stage and will certainly contribute to profits at the full year. South Africa is riding the tough recession with profits down but "not significantly." Australia has returned to normal trading levels while New Zealand has had a disappointing first half. The swings and roundabouts around the world even out with a solid 30 per cent growth in profits overseas. UK growth has been more modest at 12.4 per cent though some improvements in margins *have been achieved* in the face of stiff competition.

Triplex sees recovery signs at year end

Trading progress and results of **Triplex Foundries** were now known for the first three months of the current year Mr L. Robertson, chairman, told shareholders at the annual meeting.

He said that it was early and much *could yet happen but in* some areas there were small but real signs of improvement. He believed that the year's outcome *would reflect the* beginnings of group recovery.

Last year the company, whose principal activities include production of grey iron and aluminium castings, incurred a pre-tax loss of £992,000 (£397,000), and paid a single dividend of 0.5p (1p).

Jos Holdings pays more

With earnings showing a rise from 2.92p to *3.03p, investment* trust **Jos Holdings** is lifting its dividend to 3p for the year ended July 31, 1983, against 2.88p. Net *assets attributable to shareholders* stood at 106.7p per share, compared with 90.3p at January 31 and with 71.7p at July 31 1982.

Income was ahead from £319,571 to £379,545. However, after bank interest increased to £51,782 (£18,740), higher expenses and tax of £93,769 (£82,418), net revenue came out at £186,892 (£179,869).

Yearlings

The interest rate for this week's *issue* of *local authority* bonds is 10 7/8 per cent, down an eighth of a percentage point from last week and compares *with 10¼ per cent a year ago.* The bonds are issued at par and are redeemable on August 29 1983.

A full list of issues will be published in tomorrow's edition.

RIT's U.S. commitment

IN HIS statement accompanying *the report and accounts for* the period to March 31 1983 Lord Weir, the chairman of **RIT and Northern**, tells shareholders that *internationally, a number of* major initiatives have been taken to strengthen the group's position.

Of these, he reveals, one was a major commitment to investment banking in the U.S. He says the group has now exercised an option to subscribe for 25 per cent of L. F. Rothschild, Unterberg, Towbin, a prominent U.S. investment banking company.

Lord Weir says it is also proposed to convert into equity the group's initial investment, comprising a limited partnership interest and a loan note.

As a result the group have have committed some $63.5m towards increasing the equity capital base of the enterprise and its 50 per cent stake as a general partner will be its largest single investment.

"A *significant increase* in activities in the U.S., with almost half of its assets now being invested there, has led the group *to create a management centre* in New York.

During 1982-83 significant changes were made in the distribution of RIT and Northern's portfolio of listed investments. Holdings of UK and Australian equities and U.S. fixed interest securities were reduced while Continental European and U.S. equities were increased.

As already known group profits for the 16 months to end-March 1983 totalled £14.92m before tax of £5.7m. Capital and reserves amounted to £226.6m.

The accounts, the first since the merger of RIT with the Great Northern Investment Trust last year, show that net asset value per *share has increased* from 180p on April 1 1982 to 250p at March 31 1983. At July 13 net asset value amounted to 258p.

Apex Props. profits down at year end

Taxable profits of **Apex Properties**, *engaged* in property investment and development, fell from £626,000 to £600,000 in the 12 months to the end of March 1983.

The dividend total is maintained at 2p with an unchanged final of 1.3p.

Group turnover was down at £1.08m against £1.12m. Tax absorbed £177,000 (£323,000), and there was an extraordinary credit this time of £983,000 (debit £83,000), arising from property sales surplus, which has been transferred to capital reserve. Attributable profits came out at £1.41m (£0.22m).

Earnings per 10p stock unit are given as rising from 2.82p to 3.93p.

Geo. Ingham rises to £0.1m at half year

In the first half of 1983 taxable profits of **George Ingham and Company** advanced from £52,000 to £100,000, on slightly lower turnover of £2.05m, compared with £2.06m.

The interim dividend is being *raised from 0.25p to 0.5p* net, while earnings per share are given higher at 4.8p (2.5p) on a net basis, and at 5p (2.6p) on a *nil distribution basis.*

Ingersoll-Rand

In our report yesterday on the 1982 results of **Ingersoll-Rand Company**, the figures were transposed because of an error transmitted by the Stock Exchange.

For the year profit moved ahead from £4.68m to £5.19m after interest paid of £564,000 (£597,000). There is no foreign tax credit nor extraordinary debit this time, compared with *£65,000* and £423,000 respectively in 1981.

Goldstone fights sacking

Mr Michael Goldstone, who was recently dismissed as managing director of **Ward & Goldstone**, is to fight the attempt of the board to remove him as a non-executive director at the annual meeting on September 14.

Mr Goldstone is at present in the U.S. But in a recent statement through his solicitor he said he thought there was still a role for him to play on the board of cable, wire and electrical accessories group.

According to the chairman, Mr *Peter Frost, in his annual statement*, Mr Goldstone had been dismissed as he had been "unwilling to implement the decision of the board to close the cables division." He had then refused to resign as managing director and thet board had been left with no alternative but to remove him from his office, Mr Frost said.

Mr Goldstone, however, has claimed that the decision to close the cable division had been taken with "undue haste" paying "insufficient attention to other options for the division which could have led to fewer redun*dancies.*"

The issue which precipitated Mr Goldstone's dismissal was his refusal to sign the latest company accounts. *He argued that the* figures in connection with the closure of the cables division "could be misleading," because provision for the closure "may be insufficient."

Mr Goldstone said yesterday from the U.S. that he will be sending a formal letter to shareholders outlining his side of the story by next week. The Goldstone family is reported to own between 7 to 10 per cent of Ward & Goldstone shares.

The company said Mr Goldstone does not have a service agreement. He has been offered 12 weeks' salary in lieu of *notice* as severance pay.

Hillards maintains rising sales

THE INCREASE in sales volume experienced by supermarket operator **Hillards** in the latter *half of 1982-83* has continued into the early months of 1983-84. Mr Gordon Hunter, chairman, tells shareholders in his annual statement.

The company should therefore make progress in the current year, when further benefits can be expected from the investment in new stores and from improvements in older stores in the past few years. Profits for the current year should exceed those of 1982-83, *he adds.*

As already known taxable profits for the year to April 30 1983 advanced from £4.78m to £5.81m on higher turnover of £204.26m, compared with £183.76m. The year's dividend was raised from 3.25p to 4p net, with a final of 2.8p (2.25p), and earnings per share were given higher at 16.9p (12.34p).

At year-end shareholders' funds stood at £18.29m (£15.09m) and fixed assets were valued at £34.41m (£25.62m). Net current liabilities came to £13.88m (£7.43m) including creditors of £22.12m (£16.81m. During the year there was a decrease in net *liquid* funds of £1.77m (rise £8,000), while working capital increased by £3.87m (£584,000).

Mr Hunter says that an experi*ment in electronic point of sale* scanning is to be introduced as part of the constant consideration of opportunities for improving services and efficiency. Meanwhile every effort is being made to achieve cost savings, particularly energy costs.

Mr Hunter is to retire as chairman and from the board following the annual general meeting to be held at the Post House Hotel, Ossett, on September 26 at 12.30 pm. This is to be followed by an extraordinary meeting to approve the introduction of employee profit sharing schemes.

LADBROKE INDEX

723-730 (−13)
based on FT Index
Tel: 01-493 5261

UK COMPANY NEWS

Growth for Electro-Protective halfway

In respect of the six months ended June 30, 1983 Electro-Protective has produced a pro-forma turnover of $25.65m and a profit before tax of $3.4m. The company took over Electro-Protective Corporation of America on April 22, and for the purposes of the pro-forma results it has been assumed that the reorganisation occurred on January 1, 1983.

The company has interests exclusively in the U.S. and ranks among that country's top alarm service businesses with 19 central stations monitoring some 27,000 subscribers; it is also one of the largest distributors of security products, and supplements this by the manufacture of own-brand products.

Electro-Protective has a full London listing and is 50.02 per cent owned by the Hawley Group. Last April Electro raised nearly £10m by a rights issue. For the comparable half year in 1982 turnover reached $10.6m and profit was $1.91m.

After tax $171,000 ($57,000) and minority $31,000 (nil), the 1983 attributable profit comes to $3.2m ($1.85m). Earnings were 10.3 cents per share (6.7 cents) and the interim dividend is 0.6 cents (0.5 cents).

The headquarters of Electro is in New Jersey and its activities are based in Maryland, Georgia, Florida, Texas, Rhode Island, Michigan, Illinois and Ohio. Geographical coverage has been widened since last year to include Cincinatti, Dayton and Springfield, Ohio, and Livonia, Michigan, Chicago, Atlanta, Miami and Philadelphia.

Good prospects overseas for Norton Opax

Lottery business overseas at Norton Opax has good prospects of further expansion, Mr D. S. Rocklin, chairman, tells members in his annual review. Consolidation of recent UK acquisitions will improve trading at home. Both these prospects are seasonal in activity, with maximum benefits realisable in the second half of the trading year.

In the year to the end of of March 1983 pre-tax profits moved up from £139,720 to £1.01m, as already known.

The year was one of intense activity, with further gains in the export market and the implementation of a substantial development programme. During the year a £15m bid was made for John Waddington, which was withdrawn on August 1 with a prospective profit after expenses and before tax of about £250,000.

Strong export demand continues, says Mr Rocklin. However, the home market showed little sign of improvement. A major investment programme in high technology printing techniques is being implemented to support international business and UK market leadership.

As announced last July the directors forecast profits for the coming year of £1.25m.

Fixed assets rose from £1.97m to £2.85m. Shareholders' funds moved up from £2.36m to £3.52m. There was an increase in working capital of £266,826 against £587,769 previously.

Meeting: Leeds on September 9 at noon.

General Funds

Available revenue at General Funds Investment Trust moved up from £291,000 to £300,000 for the six months to July 15 1983.

Asset value per 25p share is shown as 561.25p against 471.21p at January 15 1983. Per convertible 10p ordinary share, asset value was shown as 555.64p compared with 452.36p at January 15 1983.

Gross revenue for the six months slipped from £875,000 to £762,000. Expenses and interest were lower at £320,000 against £416,000. Tax was reduced from £165,000 to £140,000.

Stoddard loss well down in the second six months

A better-than-expected second six months enabled carpet manufacturer Stoddard Holdings to reduce its pre-tax loss by £1.11m to £1.14m for the full year to March 31 1983.

Loss for the second half amounted to £122,000, which compares with £1.47m for the same period last year and expectations in a trading statement last June of some £400,000. At that time the directors said they expected the second half to show an improvement over the opening half and the improvement to continue into 1983-84 as reorganisation was implemented.

They say now that despite a slow improvement in the economy, the first four months of the current year were sufficiently ahead of budget and the previous year to provide encouragement that the group is continuing to move in the right direction.

They point out, however, that the full benefits of the group's plans will not materialise until the next financial year.

Group turnover for 1982-83 totalled £32.64m (£34.99m). The deficit before tax was struck after taking account of similar finance charges of £776,000 (£798,000).

Tax absorbed £83,000, against a previous £27,000, and extraordinary debits accounted for £1.83m, compared with £2m. These were closure and reorganisation costs.

Loss per 10p share emerged at 10.7p (17.7p) and there is again no dividend for the year—the last payment was in 1980.

Borrowings, after the preference share rights issue which raised £2.5m, have fallen to £4.3m and in addition, properties held for disposal are expected to realise nearly £1m. Working capital was reduced during the year by £2.8m (25 per cent), most of this being attributable to stock reduction.

Controlling interest in Stoddard Holdings is held by the Maclean Charitable Trust.

● comment

Stoddard has given itself a vigorous shake-up since last November's rights issue. Two subsidiaries have been amalgamated, the Glasgow office has been closed, 180 redundancies have been announced and the production side has started to see the first trickle of capital spending for more than five years. The worst of the reorganisation—which has cost nearly £4m in two years—is over and the results are beginning to show in the form of a reduction in second half losses to 8 per cent of their level in the previous period. Meanwhile, increased efficiencies have led to shorter lead times, which has allowed Stoddard to reduce working capital by 25 per cent via a reduction in stocks. Stoddard now has the facilities to take on an increasing proportion of the more profitable contract business. The £2.6m raised by the rights issue has reduced borrowings from 80 per cent to 50 per cent of shareholders' funds. At this level, the group is confident of its ability to finance any increase in working capital that might be needed to cope with an upturn in trading conditions. Stoddard expects to make a loss in the current half, although the subsidiaries are profitable, but sees the group breaking even at least at the trading level for the year. The 'A' shares rose 1p to 16p, while the ordinary shares were unchanged at 22p, capitalising Stoddard at £2.16m.

Expansion by American Trust

PRE-TAX PROFITS at American Trust expanded from £1.83m to £2.34m for the six months to the end of July 1983. The net interim dividend has been held at 1p—in the last full year a final of 1.35p was also paid.

Commenting on the results the directors say that Crescent Unit Trust Managers, a subsidiary, and Edinburgh Fund Managers (EFM), a related company, both reported increased profits and made a significant contribution to earnings.

EFM intends to apply for a placing on the USM in the near future. Prior to this it intends to issue new shares in exchange for the shares of Crescent Unit Trust Managers. Following this EFM shares will be held by American Trust, the executive directors and staff of EFM, and the Life Association of Scotland.

A maximum of 12.5 per cent of the share capital will be available through a placing. Total funds under management at July 31 exceeded £435m.

For the period under review earnings per share of American Trust increased by 16.8 per cent from 1.25p to 1.46p—the directors say that an increase of this size is not anticipated for the full year.

Tax for the year came to £1.08m (£783,000). Minorities took £1.21m (£1.04m).

Net asset value was given as rising from 79.5p per share to 125.3p.

The directors say that further transfers of funds have been made to North America with 73 per cent of assets invested there at the year-end, compared with 58 per cent in the previous year.

Smith Whitworth in the black

A RETURN to pre-tax profits of £3,429 against previous losses of £300,435 has been shown by Smith Whitworth for the year to March 31 1983. Turnover of this maker of textile and carpet machinery, steel fabrications and plastic products expanded from £1.57m to £1.89m.

At the interim stage the directors had predicted that the second half might break even. However, Mr J. A. G. Barker, chairman, says that the new financial year has got off to a slow start.

This combined with the setting up losses of Careful Cut, a new floorcovering subsidiary, will mean a trading loss for the next first half. Despite this Mr Baker expects a profit for the year as a whole.

Shareholders are being asked to approve an increase in borrowings as a result of the setting up of Careful Cut.

There is again no dividend—the last was in 1979. Earnings per 5p share are shown as 0.0001p, compared with previous losses of 7.468p.

Diversification into microprocessor controlled machinery at Smith Engineering Projects has met with a regular flow of orders during the year, says Mr Barker. Future prospects look good and it is hoped to expand into exports in the current year.

Stainless Steel Fabricators had a better year and has secured a substantial order for the nuclear industry which will help it perform satisfactorily over the next 12 months, says Mr Barker.

Tax cost £1,013 this time, against credits of £4,067 last time. The attributable balance emerged at £10,196 compared with a previous deficit of £339,608. Preference dividends took £2,362 (same).

Preedy sees summer losses

For many years Alfred Preedy and Sons, wholesale and retail tobacconist, has traded at a loss during the summer months, and this summer will be no exception, Mr S. L. Preedy, chairman, says in his statement with the company's annual report.

Interest charges will be lower than in 1982, but Mr Preedy does not expect the savings to outweigh the shortfall in operating profits at the interim.

As already known taxable profits for the year to March 26 1983 slumped from £930,000 to £482,000 on higher turnover of £97.18m (£85.87m). The year's dividend was maintained at 3.5p net following a fall in stated earnings per share from 8.48p to 3.84p.

During the year there was a net inflow of cash of £2.56m (outflow £2.72m) and working capital fell by £2.93m (advance £2.9m). At the year end shareholders' funds had slipped from £11.22m to £11.14m and fixed assets were valued at £8.73m (£8.81m). Net current assets came to £3.48m (£3.6m).

Meeting: Dudley, September 15 5.45 pm.

Cigna £30m bulldog

Cigna Overseas Finance is raising £30m on the London market through an issue of partly paid "bulldog" bonds due 2008 and led by Morgan Grenfell and Morgan Guaranty.

The issue, which is guaranteed by Cigna Corporation the U.S. insurance and finance company, will be priced today at 200 basis points above the 2004-08 British Treasury stock.

The issue's partly paid conditions provide for 30 per cent of the principal being due on acceptance, and the balance by September 23 1983.

Fife Indmar slightly higher at six months

PRE-TAX PROFITS of Fife Indmar, marine and general engineer, improved from £397,000 to £403,000 for the half year to June 30 1983. Turnover was up from £6.58m to £6.72m and trading profits were £7,000 higher at £428,000, interest took £25,000 against £24,000.

After tax of £100,000 (£90,000) net profits emerged slightly lower at £303,000 (£307,000). An increased interim dividend of 1.4p (1.3p) is declared, and absorbs £39,000 (£37,000) to leave retained profits of £264,000 (£270,000).

The directors say that, mainly as a result of inadequate provisions for slow moving stocks, profits of Park Products, acquired last year, incorporated in the annual accounts will be reduced by £46,359 net of attributable tax of £29,059. As a consequence, they add, the second additional payment payable in terms of the original share purchase agreement has been reduced from £160,000 to £85,026.

Park Products trading results for the first half of the current year have proved satisfactory and this position has continued to date, say the directors.

Dewhurst & Partner

In the summary of company news published on August 15 half-year figures of Dewhurst and Partner, maker of electrical control equipment, were inadvertently reported in £m's instead of £000's.

The interim statement shows that for the 26 weeks ended March 27 1983 turnover moved up from £1.58m to £1.66m and profit from £24,240 to £57,660, subject to tax of £17,000 (£7,000).

Pritchard calls for £23m and bids for Spring Grove

BY RAY MAUGHAN

A £23.4m RIGHTS ISSUE, a 19 per cent rise in pre-tax profits and an agreed bid worth about £16m for Spring Grove, the linen hire group brought to market by Charterhouse Group in December 1979, were announced yesterday by Pritchard Services.

Pritchard, which derived the bulk of its £4.8m half-time profit from building cleaning maintenance and health care services, is expecting to expand the activities of its United Linen subsidiary with an all-share offer for Spring Grove.

The terms are seven Pritchard shares, down 8p at 138p, for every 20 Spring Grove shares, which fell 2p to 46p.

Spring Grove, which is 36 per cent-controlled by Charterhouse, had warned earlier this summer that it was in bid talks but the projected take-out price was unlikely to exceed 50p per share. As it is, the movement in both shares yesterday means that the purchase has been struck at 44.3p per share.

Spring Grove's downbeat approach to these discussions from the outset stems from the £7.6m acquisition it made last June for St George's Group, which materially expanded its linen rental activities.

For what Spring Grove has described as a lack of "management controls," St George's has cost Spring Grove dear. The new subsidiary incurred a substantial loss in its own right and, what with the attendant debt servicing costs, Spring Grove made just £59,000 in the year to end-March last against almost £1.3m in the previous 12 months.

It is a moot point whether Charterhouse would have contemplated these terms, or any bid whatsoever, had St George's proved a success. Its failure meant that a very highly geared associate had been unable to tender for some of the big contracts in its market, for instance, the National Coal Board workwear rental business.

Pritchard is taking on debts of £13.5m and an additional £2m of hire purchase and leasing commitments which are supported by net worth of approximately £9.5m.

The call on shareholders which the bidder has now announced should take gross assets up to about £90m before goodwill, as shown in the last balance sheet, of about £39m. Overall debt, then, should amount to some 30 per cent of net tangible assets.

That should be readily manageable for a group which is showing good compound growth. It should also have a ready answer to a suggestion of a reference to the Monopolies Commission as a result of its proposed acquisition.

The Commission has already blocked prospective bids in the laundry and textile maintenance market this year when it said that neither Initial Services nor Sunlight Group Services should be allowed to bid for Johnson Group Cleaners. The resultant analysis of the textile maintenance market showed that Pritchard, in its own right, is very much an also ran by comparison with the leaders in the field.

The sector in total was worth £480m in 1981 and Spring Grove's share was £23.6m. That included laundry, dry cleaning, linen rental, workwear rental, cabinet towel rental, dust mat rental, industrial wiping cloth rental and ancillary activities. Pritchard's total UK exposure to these markets that year was just over £4m and had grown by a tenth in the subsequent year.

Pritchard said yesterday that it has "identified workwear and linen rental as one of the markets in which it wishes to expand with the objective of developing this activity, both in this country and overseas, in a major part of the group's services."

Pritchard is best known for the big contracts it secured in the last decade for cities in the Gulf such as Riyadh and the exposure it has received from the privatisation of municipal cleaning business in the UK, the traditional, and by all accounts jealously guarded, preserve of the National Union of Public Employees.

For all its complaints of industrial sabotage and "dirty tricks" in South London boroughs and elsewhere, Pritchard is confident of further strong growth in its home base and overseas. The only setback in the six months to July 23 was in the U.S. health care operations, where through a combination of legislation and recession, the provision of nursing staff and other services to American hospitals has been set back for the short term.

The rights issue is accompanied by the declaration of a 1p net interim dividend and the forecast of a 15 per cent rise in the total for the year to 3.45p per share.

Evode Group

Of the £3,979,248 8 per cent converted unsecured loan stock 2003-2008 offered by the Evode Group, via a rights issue, over 93 per cent has been taken up. The stock not taken up has been sold, and the excess over the issue price of approximately 6.43p per £1 nominal of stock will be distributed among the persons entitled thereto.

RESULTS AND ACCOUNTS IN BRIEF

SOUTHEND STADIUM—*Results for the six months to June 30, 1983.* Profit before tax £71,161 (£67,766); greyhound race meetings 66 (72); operating receipts £239,079 (£265,616); tote retention £113,639 (£117,022); general betting duty £25,857 (£27,515); receipts, less duty, £213,222 (£238,101); expenditure £203,237 (£221,264), and rents and investment income £61,176 (£50,929).

J. EVERSHED AND SON (*grocery merchant*)—Group turnover year ended January 30 1983 was £32.54m (£31.21m) and profit before tax £212,214 (£248,650), including £100,184 (£15,428) surplus on disposal of retail stores. Earnings 18p per share (21p). Final dividend 3p making 7p for year (6.25p). There has been considerable reduction in trading profit particularly in Food-rite retail division. Ordinary shareholders' funds £2.12m (£1.96m) and net assets per share £1.92 (£1.78p). Chairman says there are signs that wholesale food turnover and profits will show a significant increase this year. Almost all loss making Foodrite stores have been sold and considerably improved profits are expected in the remainder in the second half. He would be disappointed if "reasonable profit" was not made in the last food Kentucky Fried Chicken outlets. Printing operation should produce considerably better profits. Meeting, Shoreham-by-Sea, West Sussex, September 9.

PREMIER CONSOLIDATED OILFIELDS—Results for the year to end of March 1983 already known. Shareholders' funds £25.98m (£21.89m); fixed assets £15.51m (£11.45m); net current assets £7.09m (£7.01m). Increase in working capital £83,000 (decrease £2.31m). Chairman says that future prospects are being enhanced by improving world energy situation and stabilisation of crude oil prices. Meeting: Great Eastern Hotel, Liverpool Street, EC, on September 15 at noon.

STOCK CONVERSION AND INVESTMENT TRUST—Results for year to March 31 1983 already known. Shareholders funds £240.61m (£230.27m), investments £260.59m (£252.63m) including properties £196.88m (£189.23m) and equity interests in associates £56.03m (£59.22m), current assets £47.95m (£40.38m), current liabilities £29.65m (£24.57m), increase in working capital £5.34m (£3.03m). Auditors again point out that potential liability for CGT payable in event of sales of properties or shares in subsidiaries and associates is not estimated. Meeting, Cafe Royal, W, September 12, noon.

BROMSGROVE CASTING AND MACHINING—Results for year to March 31 1983, already known. Group fixed assets £940,561 (£806,607). Net current assets £489,119 (£549,565). Shareholders' funds £919,680 (£793,623). Working capital decreased £73,424 (£41,921 increase). Cash balances increased £73,375 (£128,672 decrease). Meeting, Bromsgrove, Worcs., September 12, noon.

RADIANT METAL FINISHING—Results for year to February 28 1983 already known. Shareholders' funds £841,675 (£842,526). Fixed assets £252,153 (£267,830). Investments £117,808 (£120,366). Net current assets £531,277 (£514,345). Decrease in working capital £36,076 (£4,473 increase). Chairman says current year has started with the same trading levels. Meeting, Bow, E., September 9, 10.30 am.

TEX ABRASIVES (industrial abrasive products)—Results for year to March 31 1983 already known. Fixed assets £925,492 (£952,006). Shareholders' funds £2.37m (£2.3m). Net current assets £1.5m (£1.43m). Decrease in net bank borrowing £128,745 (£73,255 increase). Meeting, Colchester September 8, noon.

BASE LENDING RATES

A.B.N. Bank	9½%
Al Baraka International	9½%
Allied Irish Bank	9½%
Amro Bank	9½%
Henry Ansbacher	9½%
Arbuthnot Latham	9½%
Armco Trust Ltd.	9½%
Associates Cap. Corp.	9½%
Banco de Bilbao	9½%
Bank Hapoalim BM	9½%
BCCI	9½%
Bank of Ireland	9½%
Bank Leumi (UK) plc	9½%
Bank of Cyprus	9½%
Bank of Scotland Ω	9½%
Banque Belge Ltd.	9½%
Banque du Rhone	10½%
Barclays Bank	9½%
Beneficial Trust Ltd.	10½%
Bremer Holdings Ltd.	9½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10 %
CL Bank Nederland	9½%
Canada Perm't Trust	10½%
Castle Court Trust Ltd.	10 %
Cayzer Ltd.	9½%
Cedar Holdings	10 %
■ Charterhouse Japhet	9½%
Choulartons	10½%
Citibank Savings ¶	10½%
Clydesdale Bank	9½%
C. E. Coates	10 %
Comm. Bk. of N. East	9½%
Consolidated Credits	9½%
Co-operative Bank *	9½%
The Cyprus Popular Bk.	9½%
Duncan Lawrie	9½%
E. T. Trust	10 %
Exeter Trust Ltd.	10½%
First Nat. Fin. Corp.	11½%
First Nat. Secs. Ltd.	11½%
Robert Fraser	10 %
Grindlays Bank ‡	9½%
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Heritable & Gen. Trust	9½%
■ Hill Samuel §	9½%
C. Hoare & Co. †	9½%
Hongkong & Shanghai	9½%
Kingsnorth Trust Ltd.	11 %
Knowsley & Co. Ltd.	10 %
Lloyds Bank	9½%
Mallinhall Limited	9½%
Edward Manson & Co.	10½%
Midland Bank	9½%
■ Morgan Grenfell	9½%
National Bk. of Kuwait	9½%
National Girobank	9½%
National Westminster	9½%
Norwich Gen. Tst.	9½%
P. S. Refson & Co.	9½%
Roxburghe Guarantee	10 %
Royal Trust Co. Canada	9½%
Standard Chartered ‖	9½%
Trade Dev. Bank	9½%
TCB	9½%
Trustee Savings Bank	9½%
United Bank of Kuwait	9½%
United Mizrahi Bank	9½%
Volkskas Intnl. Ltd.	9½%
Westpac Banking Corp.	9½%
Whiteaway Laidlaw	10 %
Williams & Glyn's	9½%
Wintrust Secs. Ltd.	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month 8.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account=9.25%. Effective annual rate=9.65%.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
American Trust ......int	1	Oct 7	1	—	2.35
Apex Properties	1.3	Oct 26	1.3	2	2
Copydex ....int	2.25	Oct 12	Nil	—	2.5
Fife Indmar ....int	1.4	Oct 1	1.3	—	6.3
First Scot Am Tst ...int	1.4	Oct 1	1.4	—	5.15
Jes Holdings	2.14	Nov 1	2.02*	3	2.88*
Geo Ingham ....int	0.5	Oct 3	0.25	—	0.75
Lasmo .... int	4.5†	Oct 31	4.5	—	11
Parambe ....int	0.35	Oct 7	0.3	—	0.8
Rentokil Group ......int	0.68	Nov 4	0.6*	—	1.63*
Standard Chartered int	9.5	Oct 7	9.2†	—	27†
Taylor Woodrow ...int	5.5	Oct 3	5.5	—	19.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Blagden Industries, Charterhouse Petroleum, Derek Crouch, Hawley, Novo Industri, Pearl Assurance, Rotork, Slough Estates, Tilley International, Webber Electro Components.

FUTURE DATES

Interims—	
Bath and Portland	†Aug 25
Bowater	Sept 13
Bremer	Sept 6
Church	Sept 2
Cookson	Sept 8
House Property of London	Aug 25
[illegible] Industries	Aug 31
Owners Abroad	Aug 31
[illegible]	Sept 6
Yorkshire Chemicals	Aug 25
Finals—	
Continental Microwave	Sept 1
Sime Darby	Sept 2

† Amended.

BIDS AND DEALS

Asia Oil rescue package for Reynolds shareholders

BY DAVID DODWELL

Asia Oil and Minerals, a small Australian mining company, yesterday revealed long-delayed terms of an all-share offer for **Pennant Pacific Resources** worth £21m.

Shareholders accepting the offer for Pennant, a gold and precious metals group which obtained a listing on the Alberta Stock Exchange in Canada, in March this year, will at the same time be accepting an offer by Pennant for Reynolds Diversified Corporation, the Nevada-based energy group, valued at £14.5m.

The deal is intended to rescue Reynolds shareholders, who have been unable to deal in their shares since they were suspended on the London Stock Exchange in February last year. This arose because the Stock Exchange insists that principal dealings in overseas companies must take place outside of the UK. All but 1,000 of Reynolds 6,500 shareholders live in the UK.

A bid for Reynolds by Pennant was first announced at the end of May and was accompanied by plans for a rights issue intended to raise £9.5m.

The entry of Asia Oil—first as a bid contestant with Pennant and then as a company willing to bid for Pennant once its deal with Reynolds had been completed—has delayed the completion of the rights issue.

However, Mr Lynne Brooke, president of Reynolds, said yesterday that 55.25 per cent of the rights had been taken up. He said the company was confident that the targeted £9.5m would be raised and expected to complete registration by the middle of September.

Asia Oil's offer comprises 11 of its own shares for every share in Pennant, plus an Asia Oil option for every warrant in Pennant. Each option will entitle holders to buy an Asia Oil share on or before June 30 1986.

Asia Oil yesterday disclosed accumulated losses at the beginning of this year of more than £4.5m. This arises in large part because of exploration costs incurred in 1982 amounting to almost £3.6m.

It nevertheless forecasts earnings for the year ahead amounting to about £1.5m from the Sirdar gold mine in Western Australia, where a commercial gold reserve has been delineated.

Mr Brooke said yesterday that the chairman of the new company would be Mr Geoffrey Lambert, who is the current chairman of Asia Oil and formerly worked with Hambros in Australia. There will be eight other board members—four to be drawn from Asia Oil and four to be drawn from Pennant and Reynolds. An announcement on board membership is expected in September.

Reynolds' shares were suspended 18 months ago at 1½p a share. They have since then traded over the counter in the U.S. at prices ranging between ½p and 1p. Assuming the Asia Oil bid is successful, and the rights issue completed on schedule, then trading in the new shares can be expected to resume by the end of September in Australia and on the Alberta Stock Exchange. The Asia Oil offer closes on September 23.

BET DEAL

BET Omnibus Services has sold its wholly owned plant hire subsidiary, Grayston, to its parent company **The British Electric Traction Company**. The consideration, based on the net asset value of Grayston at March 31 1983, was £20.1m and has been loaned to the parent company on commercial terms.

GREENWICH CABLE

Family interests of **Jarvis Astaire** have acquired by way of issue of shares 149,992 new ordinary of **Greenwich Cable Communications** at 50p per share.

These will rank pari passu with existing shares, and the issued capital of the company is now £625,000, represented by 2.5m ordinary.

Mr Jarvis Astaire has been appointed to the board as from August 8, 1983.

SPA PACKAGING

Mr Richard Archer and Mr Roger Dickens, of Peat, Marwick, Birmingham, join receivers and managers of **Spa Packaging**, have completed a sale of the major part of the business to High Wycombe-based Phillips Packaging.

JACKSON/BRETT'S

The offer by **J. and H. B. Jackson** for all the issued preference shares of **Brett's Stamping Company** has been accepted by 77.7 per cent of the holders in respect of 16,513 Brett preference shares (82.6 per cent). Jackson already owns the ordinary capital of Brett. The period for acceptance of the offer has been extended to 3.00 pm on September 12.

LONDON INV. TST.

The recommended offer by the **London Investment Trust** for **British Industries and General Investment Trust** has been accepted as to 91.5 per cent (4,420,683) of the deferred shares, and 94.9 per cent (£284,721) of the preferred stock.

The offers have been declared unconditional and will remain open until further notice.

Hamlyn sells mail order for £2.75m

The **Hamlyn** publishing group, a wholly owned subsidiary of Reed International, revealed yesterday that it intends to sell its Odhams mail order business to **Reeves Communications (Holdings) UK** in a deal worth about £2.75m.

Reeves Communications UK is a subsidiary of Reeves Communications Corporation in the U.S. It is understood to have approached Hamlyn's several months ago with an offer. It owns a similar mail order publisher in the UK, Leisure Arts.

Reed International said yesterday that the price tag included both trading assets and goodwill. Odhams mail order had a turnover last year of about £10m, and was making profits. The company could not disclose how large these were.

The spokesman said Reed had been willing to sell the company—not to be confused with its Odhams printing works which was disposed of to Mr Robert Maxwell's British Printing and Communications Corporation—because it was self-standing, and because the terms of the offer were attractive.

Over the past year, Reed has made about 12 acquisitions, and a similar number of disposals.

SHARE STAKES

Charles Hill of Bristol—A. N. Breeze, a director, has sold 18,573 ordinary shares.

AI Industrial Products—C. J. Slinn of Douglas IoM is beneficial owner of 490,000 ordinary shares (5.025 per cent of the issued ordinary shares).

Paterson Jenks—As at July 11, 1983 G. Hodson as company trustee of A. Jenks family trust, held 770,316 ordinary shares (8.1 per cent).

Hartons Group—By virtue of an acquisition of 1,418,750 ordinary shares in Harton's Group from Macanie Investments, the investment company of Mr Max Maimann, his family and associates, Mrs Monica Davis, the daughter of Mr Max Maimann, became interested in 4,404,655 ordinary shares in Hartons (16.44 per cent). As a result of this transaction Macanie Investments has sold its total interest in the issued ordinary share capital of Hartons.

United Guarantee Holdings—H. W. King, chairman, has sold 130,000 ordinary shares thereby reducing his holding to 1,182,000 shares (21 per cent).

Neil and Spencer—Baring Bros and Co has disposed of 300,000 ordinary shares thereby reducing its holding to 890,463 shares (5.84 per cent).

Asset Special Situations Trust—Mr D. Rowe-Ham, a director, has purchased an additional 50,000 ordinary shares.

Ryan Hotels—Mr Conor McCarthy has acquired as beneficial owner, through Pembroke Investments, 842,282 ordinary shares from F. O'Hara, this transaction lifting Mr McCarthy's shareholding to 3,921,917 ordinary shares, which represents 16.36 per cent of the ordinary share capital.

Charles Hill—Mr A. H. Milne has sold 19,000 shares beneficially, and 24,000 shares as a trustee.

Grampian Holdings—Edinburgh American Assets Trust now holds 750,000 ordinary shares, equal to 7.386 per cent.

Queens Moat Houses—Mr D. C. N. Baring, a director, has disposed of 70,863 ordinary shares and now holds 210,437 shares.

Safeguard Industrial Investments—The Airways Pension Fund trustees have purchased a further 50,000 ordinary shares, bringing their total holding to 1,037,500, representing 9.43 per cent.

Forminster—The Prudential Corporation has disposed of 95,000 ordinary (2.56 per cent) *and now holds 257,000 ordinary* (6.95 per cent).

H. Samuel—Mr A. S. Edgar has purchased 30,000 ordinary shares and now holds 2,535,104 shares (37 per cent of the voting equity).

Hill Samuel Group—The Norwich Union Insurance Group hold 3,578,728 ordinary shares, equivalent to 5.029 per cent.

Tern Consulate—Sheeltex Trading has a holding of 220,000 ordinary shares (9.4 per cent).

York Mount Group announce that County Bank has purchased 50,000 ordinary 10p shares, which represents 5 per cent of the ordinary share capital.

MINING NEWS

De Beers checked by its non-diamond interests

BY KENNETH MARSTON, MINING EDITOR

DESPITE the gradual recovery in the world diamond market South Africa's De Beers Consolidated Mines reports lower earnings for the first half of this year of R223.7m (£130.9m) compared with R239.1m in the same period of last year. The interim dividend stays at last year's halved level of 12.5 cents (7.3p).

This disappointing outturn has come about not as a result of any unexpected setback in the group's improving diamond income but instead reflects the fortunes of the group's non-diamond interests. Thus there *is a fall to R93.3m from R152.3m* a year ago in the share of retained profits after tax of associated companies.

These companies include Anglo American Corporation and Anglo American Industrial Corporation, both of which have reported lower profits, and the Anglo group's flagship for international expansion, Minerals and Resources Corporation (Minorco) which sailed into a loss during the six months to last December; Minorco's results for the full year are due in October.

Helped by lower capital expenditure at the mines, De Beers diamond account revenue has risen to R158.9m from R108.5m at this time last year while investment income—helped by gold interests—has moved up to R101.9m from R91.3m. Interest receipts have risen while interest charges have fallen.

	Half year 1983 Rm	Half year 1982 Rm
Diamond account	158.9	108.5
Investment income	101.9	91.3
Other interest	32.0	23.2
Share of associates	93.3	152.3
Surplus on realistn. of investments	7.4	—
Surplus on realistn. of fixed assets	0.1	1.2
Making	393.6	376.5
Prospecting and research	26.4	25.5
General charges	4.8	7.0
Interest payable	32.1	48.6
Assets, loans written off	0.5	—
Profit before tax	329.8	295.4
Tax	65.2	37.8
State's share of profit under mining leases	7.3	—
Profit after tax	257.3	257.6
Outside holders	16.6	3.6
Preference dividends	0.9	0.9
Attributable before extraordinary items	239.8	253.1
Extraordinary losses of associated companies	16.1	14.0
Dividends	45.0	45.0
Retained	178.7	194.1

A surplus of R7.4m on realisation of investments has appeared against nothing last time. Reflecting the sharp increase in revenue on diamond account the tax charge has risen to R65.2m against R37.8m.

Earnings per share before extraordinary items come out at 66.7 cents against 70.3 cents a year ago. But if the share of retained profits of associated companies after tax is excluded the latest earnings per share equal 40.7 cents against only 28 cents.

The diamond market continues to improve and, as already reported, De Beers' Central Selling Organisation (CSO) was able to raise the prices of rough (uncut) gem diamonds by an average of 3.5 per cent in April of this year.

Subsequently, the CSO announced that the value of world sales of rough diamonds in first-half 1983 had risen in dollar terms by 40 per cent on the previous six months.

While the diamond market has pulled out of the worst of its recession it has a long way to go to reach buoyant conditions—there is still little demand for the larger and more expensive stones—and De Beers must continue to finance a big stockpile.

However, costs of financing the stockpile have been just about matched in the latest half-year by interest income. Overall, De Beers should do rather better in the second half — hopefully Minorco will have pulled out of the red—but it may be quite a while before the group is sufficiently confident of the outlook to increase its 37.5 cents annual dividend rate.

In London yesterday the shares moved up 10p to 690p ahead of the results. When the results were known the price dropped to 650p before rallying to close at 665p; such resilience belies the conclusion that the shares seem fully-priced on usual investment criteria.

Better year for EZ Industries

A RETURN to profit on its own mining operations and an improved contribution from the uranium interests helped Australia's **EZ Industries** to improved profits in the year to June 30.

Net profits were A$29.2m (£17m), up from A$9.12m last year, and the final dividend is restored with a payment of 9 cents. This makes a total for the year of 12 cents, compared with last year's single payment of 3 cents at the interim stage.

EZ's own operations made pre-tax profits of A$6.9m, against a loss last year of A$12.6m. Lower zinc prices were offset by higher sales and improved prices for the by-product gold, silver and copper, reports Lachlan Drummond in Sydney.

The contribution from associates, mainly the 30.5 per cent-owned Energy Resources of Australia (ERA), improved from A$11.08m to A$16.52m. ERA operates the big Ranger uranium *mine in the Northern Territory*, which has just completed a very successful first year.

'Johnnies' boosts its final

BETTER than expected results from South Africa's **Johannesburg Consolidated Investment** ("Johnnies") for the year to June 30 include an increase of 50 cents to 520 cents (304p) in the final dividend. It makes a year's total of 650 cents against 600 cents for the previous year.

Net profits amount to R102.7m (£60.1m), or 1,396 cents per share, compared with R86.1m, or 1,190 cents, in 1981-82. Investment income has climbed to R71m from R64.8m and the all-embracing "other net revenue"—usually in the form of fees and interest—has jumped to R20.6m from R6.9m. Profits of operating subsidiaries, however, have fallen to R19.7m from R22.8m.

The group's income is based mainly on South African industrial activities, coal, platinum, gold and diamonds. Profits growth was seen largely in the second half of the year, but it remains to be seen whether this will be maintained in 1983-84.

De Beers

Interim Report and Declaration of Dividend

The following are the unaudited consolidated results for the half-year ended 30th June 1983 together with the comparative figures for the half-year ended 30th June 1982, and for the year ended 31st December 1982.

	Half-year ended 30.6.83 R millions	Half-year ended 30.6.82 R millions	Year ended 31.12.82 R millions
Diamond account	158.9	108.5	287.5
Investment income	101.9	91.3	149.0
Other interest	32.0	23.2	49.5
Share of retained profits after tax of associated companies	93.3	152.3	240.0
Net surplus on realisation of investments	7.4	—	10.8
Surplus on realisation of fixed assets	0.1	1.2	1.0
	393.6	376.5	737.8
Prospecting and research	26.4	25.5	59.0
General charges	4.8	7.0	15.7
Interest payable	32.1	48.6	94.8
Amount written off fixed assets and loans	0.5	—	2.2
	63.8	81.1	171.7
	329.8	295.4	566.1
Tax	65.2	37.8	89.0
State's share of profit under mining leases	7.3	—	—
	72.5	37.8	89.0
Profit after tax	257.3	257.6	477.1
Profit attributable to outside shareholders in subsidiaries	16.6	3.6	32.8
Dividends on preference shares	0.9	0.9	1.8
	17.5	4.5	34.6
Net profit attributable to deferred shareholders before extraordinary items	239.8	253.1	442.5
Share of extraordinary losses of associated companies	16.1	14.0	14.9
	223.7	239.1	427.6
Dividends on deferred shares	45.0	45.0	134.9
Retained profit	178.7	194.1	292.7
Earnings per deferred share before extraordinary items:			
Excluding share of retained profits of associates	40.7c	28.0c	56.3c
Including share of retained profits of associates	66.7c	70.3c	123.0c
Dividends per deferred share:			
Interim	12.5c	12.5c	12.5c
Final			25.0c

Note:

It should not be assumed that the results for the half-year ended 30th June will be repeated in the half-year ending 31st December, since income does not necessarily accrue evenly throughout the year.

BORROWINGS

At 30th June 1983 short and medium term borrowings were R532 million and other net current assets R447 million, compared with R581 million and R321 million respectively at 30th June 1982 and R564 million and R392 million at 31st December 1982. Long term borrowings were R34 million at 30th June 1983 compared with R59 million at 30th June 1982 and R53 million at 31st December 1982. These figures exclude R200 million redeemable preference shares issued by subsidiary companies subsequent to 30th June 1982 and dividends of R6 million accrued thereon, compared with R200 million and R7 million respectively at 31st December 1982.

INTERIM DIVIDEND

Declaration of Dividend No. 127 on the Deferred Shares

An interim dividend in respect of the year ending 31st December 1983 being dividend No. 127 of 12.5 cents per share (1982: 12.5 cents) has been declared payable to the holders of deferred shares registered in the books of the Company at the close of business on 30th September 1983 and to persons presenting coupon No. 71 detached from deferred share warrants to bearer.

A notice regarding payment of dividends on coupon No. 71 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about 23rd September 1983.

The deferred share transfer registers and registers of members will be closed from 1st October 1983 to 14th October 1983 both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 3rd November 1983.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 3rd October 1983 of the rand value of their dividends (less appropriate taxes.) Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 30th September 1983.

The effective rate of non-resident shareholders' tax is 11.001 per cent.

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board

H. F. OPPENHEIMER
J. OGILVIE THOMPSON } Directors

24th August 1983

Copies of this report will be posted to all registered shareholders

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 40 Commissioner Street, Johannesburg, (P.O. Box 61051, Marshalltown, 2107)
Charter Consolidated P.L.C., P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday August 24 1983

French agency launches $75m Eurobond, Page 28

WALL STREET

Searching for an interest sign

MARKETS on Wall Street remained poised for a sign on the outlook for U.S. short-term interest rates yesterday. The key Federal Funds rate, keenly scanned as an indicator of the policies of the Federal Reserve Board, traded at 9¼ per cent, a shade lower than overnight. But credit markets could make no headway, and stock prices slipped lower, pushing the Dow Jones Average down through the 1,200 mark once more, *writes Terry Byland in New York.*

The bond market opened firmly despite some disappointment at the announcement of a small rise in consumer prices over July. There was again a lack of retail buying support and the market was left to drift uneasily while the debate on interest rates continued.

The stock market traded sluggishly, with investors clearly unwilling to take up new positions. The major institutions were again picking up substantial lines of stock, sometimes below the market price. The Dow Jones Industrial average was down 10.26 points at 1192.89 at the close.

A block of 1m shares in National Steel, the number four steelmaker, changed hands at $25¾ following the signing of a definitive agreement to sell the Weirton plant to the workforce.

Among major stocks to turn down, IBM at $119 lost $2¼. On the over-the-counter market, shares in Amdahl, whose products compete with IBM's fell $1¼ to $16½ after reports of a delay in the introduction of the series 5880 its new model.

Shares in American Telephone and Telegraph continued to edge forward on the hope that the strike will be settled this week. At $66½, the shares had gained $1½.

Shares in MCI eased following publication of a Federal Communications Commission decision on charges for entry to phone lines. The report, however, did not differ fundamentally from the Commission's preliminary decision publicly announced at the end of last month.

A dull motor sector was led lower by General Motors, which lost $¼ to $67. General Electric, at $47⅜ shed $⅛.

A batch of trading statements from major companies produced only a few changes in share prices. Deere, the farm equipment manufacturer, edged higher to $38⅜ on reporting higher third quarter earnings. Firestone improved by $⅜ to $19⅝ after reporting a similar improvement. Among the financials, shares in BanCal Tri-State soared $13¾ to $47 after an agreed bid from Mitsubishi Banking.

In the credit markets, rates opened slightly above overnight levels in response to the regular Monday auction. The three month bill traded at a discount of 9.20 per cent, a gain of four basis points, and the six month bill at 9.32 per cent was only one basis point up.

The crucial point for the market remains the trend of the federal Funds rate. Market analysts were busy yesterday trying to guess the outcome of this week's meeting of the Fed's Open Market Committee.

The key long bond, the 12 per cent of 2013, touched a new peak of 103 bid at one time, but by mid-session had softened to 103 29/32, at net 7/32 down on the day. In the municipal bond markets, yields were also little changed from the previous session.

LONDON

Record run ends in a tumble

A SHARP reversal in the recent sustained equity advance to record levels took London markets by surprise yesterday.

Continued pressure on American favourites such as ICI – quoted ex-dividend in the U.S. yesterday – and Glaxo, with revived easiness in early Wall Street trading, accelerated the fall. The FT Industrial Ordinary share index closed 16.4 down at 724.0 – its biggest one-day fall in two years.

The sudden change in sentiment cast a pall over many speculative issues – none more so than Irish Sea oil hopefuls. Further suggestions of forced selling after Monday's relapse in the sector accompanied fresh offerings and the weakness later spilled over into leading stocks.

Gilt-edged securities remained aloof to the equity market's troubles. Business was inhibited by considerations connected with Monday's Government funding via the £500m issue of two tranches of existing stocks, and all maturities eased a fraction from a firm opening.

Australian equities raced ahead once the budget proposals were known in London. Leading stocks recorded good rises across the board, and the second-liners strengthened in sympathy. *Details, Page 21, Share Information Service, Pages 22-23.*

AUSTRALIA

BULLISH overseas factors appeared to exert more influence in Sydney and Melbourne yesterday than concern over the federal budget, and the All Ordinaries index rose 3.7 to 694.4.

Although the budget announced no resource rent tax, capital gains or gold mining taxes, there were sweeping changes made to the country's sales tax

Oil and gas stocks advanced widely for the sixth consecutive session. Bridge rose 15 cents to A$3.30, Crusader five cents to A$3.75 and Santos and Claremont each added two cents to A$7.98 and A$1.42, respectively. BHP closed unchanged at A$11.65.

HONG KONG

A FRAGILE and lacklustre day of trading took stocks slightly lower in Hong Kong. Institutional traders seemed cautious and small investors appeared to shun the market.

Some late selling brought the Hang Seng index down by 7.09 to 993.14, unable to sustain the 1,000 mark.

Hongkong and Shanghai Bank ended five cents lower at HK$7.85 ahead of its better than expected earnings, up 8.6 per cent from the previous year to HK$964m. Hang Seng Bank was 75 cents off at HK$44.25.

SINGAPORE

A LACK of follow-through buying and scattered profit-taking in the afternoon caused shares in Singapore to shed their initial gains. The Straits Times index closed 1.08 down at 985.10.

Industrials and finances suffered small losses, while plantations, which had reached new highs for the year on Monday, also eased. Consolidated and K.L. Kepong were both four cents lower at S$3.04 and Highlands and Lowlands was down two cents to S$3.52.

SOUTH AFRICA

A FIRMER bullion price brought gains in most gold shares in Johannesburg, although stocks generally closed below the day's highs and in some cases late profit-taking led to small declines.

Randfontein marked the trend among heavyweights, closing R2.50 up at R170, while cheaper – priced gold producers' gains stretched to 25 cents, as in Blyvoors at R18.75.

CANADA

THE UNCERTAIN tone on Wall Street was reflected in a virtually static position on Canadian markets at midsession.

A sharp advance in golds was countered by a downturn in other sectors to leave the Toronto 300-share index unchanged at midday. Volume leader Cadillac Fairview was unchanged at C$8⅝, Alcan was off C$⅛ at C$47⅜ and Canadian Pacific Enterprises shed C$⅛ to C$21⅝.

In Montreal, stocks were slightly higher, with the composite index registering a gain of just over half a point.

TOKYO

Late shift to shipping hits the leaders

A LATE wave of profit-taking took prices lower in Tokyo yesterday after reaching record midday levels almost across the board. The initial strength was based on the Wall Street Dow Jones average recovering to above 1,200 and the yen's continued appreciation against the U.S. dollar, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow Jones average of 225 select issues shed 34.57 to 9,169.18, slipping below the 9,200 mark reached on Monday. Losses outpaced gains 344 to 314, with 187 issues unchanged. About 430m shares changed hands against 300m the previous session.

Bond prices firmed as a drop in U.S. interest rates spurred buying.

As share prices rose in New York and the yen gained to Y241 against the dollar, investors bought blue chips and speculative issues. This pushed the barometer up 20.15 to an all-time high of 9,223.90 at the close of the morning session.

But in the afternoon, popularity shifted to Japan Line, frequently the target of speculators, causing a profit-taking surge in blue-chip stocks.

The shipping issue gained Y13 to Y202. Arabian Oil shot up Y600 to Y6,300 and Aoki Construction Y64 to Y630. Speculation over the development of new drugs sent Sankyo up Y31 to Y791 and Takeda Chemical Y11 to Y846.

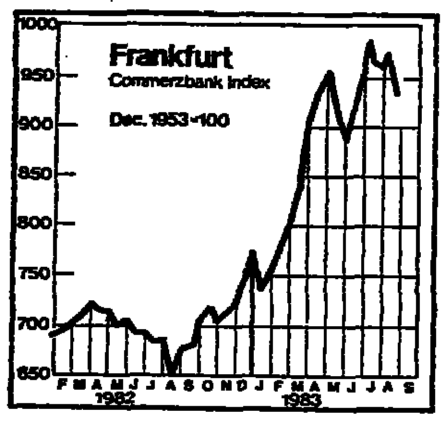
But NEC, which had been especially popular, plunged Y50 to Y1,510 and other major blue chips also dropped. Among them, Hitachi lost Y12 to Y881, Oki Electric Y12 to Y730 and Matsushita Electric Industrial Y20 to Y1,640.

The combined margin buying balance on the Tokyo, Osaka and Nagoya exchanges as of last Saturday, announced after the close of the market, increased Y22.9bn over the preceding weekend to Y2,314.2bn, coming close to the record Y2,318.1bn of July 30. The balance will thus emerge as a market-depressing factor. The margin selling balance amounted to Y278.8bn, up Y3.8bn.

Bond prices firmed in anticipation of a rise in the near future. City, regional, trust and long-term credit banks sold 7.5 per cent Government bonds with a little over nine years remaining to maturity in lots of Y1bn to Y2bn.

These bonds were purchased by federations of credit associations in units of Y20bn to Y30bn.

With the rise in actual demand, the bond market environment is improving. But bears still outnumber bulls among institutional investors and securities houses as regards the outlook for October and beyond.



EUROPE

Brazil's debt decision a dampener

BRAZIL'S decision to suspend debt payments to Paris Club member countries, which emerged at the weekend, weighed against West German, Swiss and Dutch markets yesterday after Monday's impetus, provided by U.S. interest rate optimism, had abated.

The suspension of these government-to-government debts is separate from Brazil's new debt financing programme with the International Monetary Fund, which emerged later in the day.

In Frankfurt, even midsession buying from domestic and foreign investors, trying to take advantage of the initial price decline, failed to reverse the downward trend which has become evident over the past couple of days.

The Commerzbank index shed 2.9 to 937.2 and some banks saw losses. Commerzbank eased DM 1.80 to DM 169.70, Deutsche Bank fell DM 4 to DM 310 and Bayerische Vereinsbank lost DM 1.50 to DM 315.

The motors sector also underwent selling, with Daimler down DM 7.50 to DM 563 and VW at DM 222.50, a drop of DM 2.50. BMW, however, recovered from a low DM 377 to end unchanged at DM 382.

Banks were also sharply lower in Amsterdam with NMB losing Fl 12.50 to Fl 150 after releasing its annual results. ABN was down Fl 8 at Fl 378 following its Fl 13 dividend. Internationals saw Monday's gains disappear. Akzo fell Fl 2.10 to Fl 78.20 and KLM lost Fl 4 to Fl 150.80.

Trading in Paris was more buoyant, however, boosted by Wall Street's performance and a dip in the French daily call money rate. The advances pushed the market's indices to new highs – over the past month the market indicator has risen by almost 10 per cent and is now 45 per cent above its December 31 level.

In the foods sector, BSN rose FFr 38 to FFr 2,057, Moet Hennessy gained FFr 19 to FFr 1,284 and Pernod-Ricard firmed FFr 13 to FFr 757.

Steel shares led a rally in Brussels on a day of easy trading. Arbed was up BFr 28 at BFr 1,322 and Clabecq gained BFr 20 at BFr 918, while Cockerill-Sambre advanced BFr 3 to BFr 164.

But Fabrique National (FN), the arms manufacturer, slipped BFr 10 to end at BFr 2,550.

Utilities were little changed and oil stocks were quiet as well with Petrofina remaining unchanged at BFr 6,040.

Early falls in banking shares spread across the market in Zurich, where investors were also uneasy over Brazil's debt problems.

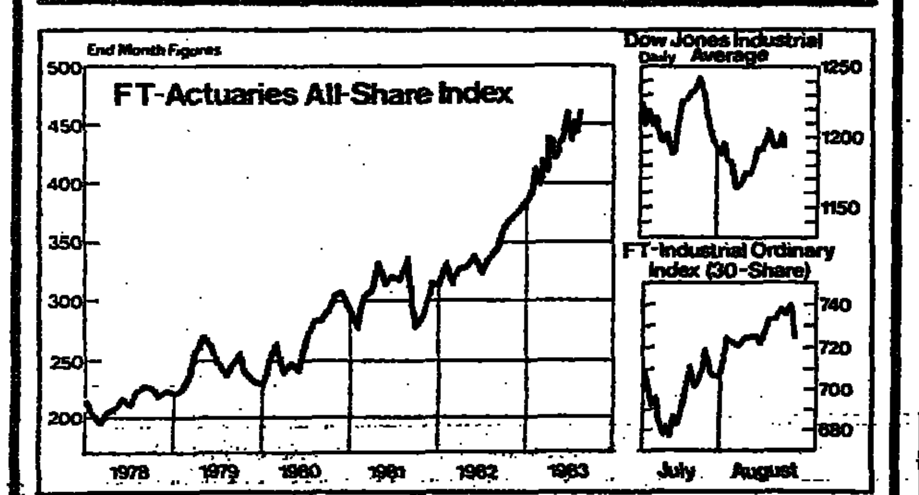
Swiss Bank, Credit Suisse and Volksbank were all lower, but UBS ended up SwFr 10 at SwFr 3,280.

Prices generally eased in most sectors in Milan, through late speculative sales and profit-taking.

However, Ras, Italcementi and Franco Tosi, all controlled by industrialist Sig Carlo Pesenti, as well as the big chain store group La Rinascente, closed higher against the trend on rumours that Sig Pesenti may sell a stake in Italmobiliare.

Quiet trading and lower prices typified trading in Stockholm and Madrid.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Aug 23	Previous	Year ago
NEW YORK			
DJ Industrials	1192.89	1203.15	891.17
DJ Transport	530.83	535.58	337.31
DJ Utilities	131.17	131.07	115.22
S&P Composite	162.7	164.34	116.11
LONDON			
FT Ind Ord	724.0	740.4	571.0
FT-A All-share	459.07	465.67	343.5
FT-A 500	496.43	504.72	375.83
FT-A Ind	447.55	454.25	348.80
FT Gold mines	668.2	661.2	312.5
FT Govt secs	79.67	79.82	78.52
TOKYO			
Nikkei-Dow	9169.18	9203.75	7053.49
Tokyo SE	680.39	682.49	525.0
AUSTRALIA			
All Ord	694.4	690.7	467.7
Metals & Mins.	595.8	592.5	372.7
AUSTRIA			
Credit Aktien	55.32	55.12	48.5
BELGIUM			
Belgian SE	134.16	133.25	94.61
CANADA			
Toronto Composite	2450.7	2454.8	1549.1
Montreal Industrials	435.74	436.97	277.39
Combined	409.39	409.91	264.69
DENMARK			
Copenhagen SE	181.3	177.59	88.75
FRANCE			
CAC Gen	137.3	136.0	96.2
Ind. Tendance	145.0	144.2	111.0
WEST GERMANY			
FAZ-Aktien	315.92	317.73	222.7
Commerzbank	937.2	940.1	675.4
HONG KONG			
Hang Seng	993.14	993.14	1067.65
ITALY			
Banca Comm.	206.21	206.38	172.38
NETHERLANDS			
ANP-CBS Gen	141.8	143.4	86.6
ANP-CBS Ind	115.8	116.5	68.0
NORWAY			
Oslo SE	207.02	210.07	105.02
SINGAPORE			
Straits Times	985.1	986.18	623.08
SOUTH AFRICA			
Golds	n/a	n/a	560.9
Industrials	n/a	n/a	597.6
SPAIN			
Madrid SE	117.72	closed	110.25
SWEDEN			
J & P	1475.16	1475.16	619.72
SWITZERLAND			
Swiss Bank Corp	338.0	338.2	242.4
WORLD	Aug 22	Prev	Yr ago
Capital Int'l	179.3	178.6	128.7

GOLD (per ounce)

	Aug 23	Prev
London	$425.625	$424.625
Frankfurt	$426.25	$421.75
Zürich	$427.50	$422.50
Paris (fixing)	$425.71	$421.67
New York (Aug)	$425.2	$425.70

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Aug 23	U.S. DOLLAR Previous	STERLING Aug 23	STERLING Previous
£	1.529	1.529	–	–
DM	2.6325	2.6325	4.025	4.0275
Yen	243.3	242.95	372	371.5
FFr	7.9275	7.915	12.115	12.10
SwFr	2.141	2.14	3.275	3.2755
Guilder	2.9440	2.9425	4.485	4.5
Lira	1568	1571.5	2.396	2402.0
BFr	52.74	52.83	80.6	80.75
C$	1.23125	1.23225	1.882	1.8835

INTEREST RATES

	Aug 23	Prev
Euro-currencies (three month offered rate)		
£	9 13/16	9⅞
SwFr	4¾	4⅝
DM	5⅝	5 9/16
FFr	14¼	14¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 1/16	10 3/16
6-month U.S.$	10 7/16	10½
U.S. Fed Funds	9 5/16	9¼
U.S. 3-month CDs	9.6	9.75
U.S. 3-month T-bills	9.19	9.16

U.S. Treasury Bonds

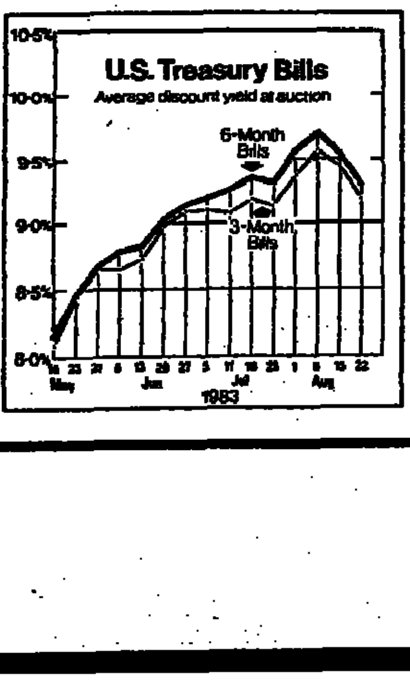
		Aug 23 Price	Aug 23 Yield	Prev Price	Prev Yield
10%	1985	99 23/32	10.67	99 23/32	10.67
10¾	1990	101 13/32	10.35	96 31/32	11.38
11⅞	1993	102 5/32	11.52	102 3/32	11.51
12	2013	103 29/32	11.54	103 31/32	11.52

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
September	72-03	72-16	71-31	72-16
U.S. Treasury Bills (IMM) $1m points of 100%				
September	90.83	90.91	90.82	90.89
Cert Deposit (IMM) $1m points of 100%				
September	90.24	90.33	90.22	90.29
LONDON				
Three-month Eurodollar $1m points of 100%				
September	89.98	90.05	89.95	89.98
20-year Notional Gilt £50,000 32nds of 100%				
September	102-15	103-07	102-14	103-00

LONDON COMMODITY MARKETS

	Aug 23	Prev
Silver (spot fixing)	831.70p	811.50p
Copper (cash)	£1084.00	£1061.75
Coffee (Sept)	£1717.50	£1717.50
Oil (spot Arabian light)	$28.82	$28.82



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 19

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 20

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 18

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
98½	32	WilMrt	pf			8	86½	86½	86½	−2½
38¼	15⅞	Walgrn	s.60	1.8	16	388	35¼	33¾	34	−1⅛
22	14¼	WlHRs	g1.32			14	20½	20¼	20⅜	+ ½
30¼	15¼	WlCSv	s.36	1.4	16	47	25⅛	25⅜	25½	+ ½
47⅛	17	WalJm	1.20	3.3	9	258	38⅛	35¼	35⅝	− ⅛
10	6¾	WalJ	pf 1	11		z120	9	8½	9	
36¼	16⅞	Warnc	s.70	2.6	10	1418	28⅛	27	27¼	− ⅞
59½	19⅝	WrnCm	1	4.8		1448	21⅛	20½	20⅝	− ⅝
35	21½	WarnL	1.40	5.1	12	866	27⅞	27½	27½	− ½
29½	24⅛	WashGs	2.88	11.	7	32	27½	27⅛	27¼	

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 8

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 19

Continued on Page 24

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

GERMANY

SWEDEN

HONG KONG

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

JAPAN

ITALY

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

LONDON STOCK EXCHANGE

MARKET REPORT

Leading shares react sharply with index recording biggest fall for nearly two years

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug 15	Sept 1	Sept 2	Sept 12
Sept 5	Sept 15	Sept 16	Sept 26
Sept 19	Sept 29	Sept 30	Oct 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

A sharp reaction yesterday after the recent sustained equity advance to record levels took London markets by surprise. The early tone was easier, influenced by an overnight TV programme hinting at Government overspending and the possibility of increased personal taxation, but there was no indication then of the events to follow.

Investment demand had slowed noticeably over the past few trading sessions and prices of leading shares had improved in the absence of sellers. When lines of stock came on offer in yesterday's mid-morning trade, values retreated hurriedly as markets became nervous. Explanations were sought for the sales and British Industrial and General Trust was believed to have disposed of a share portfolio amounting to some £12m. But the trust was not a holder of many of the stocks which came on offer.

Dealers were initially only too willing to absorb the liquidation, accepting the opportunity to close short positions, but many later became reluctant in the face of continued pressure on American favourites such as ICI, quoted ex-dividend in the U.S. yesterday, and Glaxo. Revived easiness in early Wall Street trading yesterday accelerated the fall here and the FT Industrial Ordinary share index slid lower to close 16.4 down at 724.0—its biggest one-day fall for nearly two years.

At Monday's all-time high, the 30-share index was showing a rise of 142 points, nearly 24 per cent, on its 1983 low recorded in January.

The sudden change in sentiment cast a pall over many speculative issues and none more so than Irish Sea oil hopefuls. Further suggestions of forced selling after Monday's relapse accompanied fresh offerings and the weakness later spilled over into leading stocks. Few sectors escaped the setback and the tone after-hours was especially unsettled.

Gilt-edged securities remained aloof to the equity market's troubles. Business was inhibited by considerations connected with Monday's Government funding via the £500m issue of two tranches of existing stocks, and all maturities eased a fraction from a firm opening.

Standard disappoints

Standard Chartered took a turn for the worse among overseas banks, falling 22 to 470p, after 468p, following disappointing interim results. Hongkong and Shanghai, on the other hand, hardened 2 to 71p in response to the satisfactory first-half figures. Elsewhere, selected merchant banks found support. Renewed speculative buying helped Cattles Holdings to add 2 more to 32p in Hire Purchases. The major clearers drifted lower; Barclays lost 4 to 478p and NatWest 3 to 595p.

Recently buoyant Composite and Life Insurances succumbed to profit-taking. GRE, the next major Composite to report interim results next Wednesday, closed 10 down at 535p. Royals gave up 12 to 545p, while General Accident, 460p, and Phoenix, 38p, declined 8 and 6 respectively. Equity and Law cheapened 13 to 755p and Pearl fell 12 to 712p; the latter's mid-term report is due today. In Lloyds Brokers, Minet came on offer and shed 6 to 117p, while C.E. Heath, still reflecting cautious comment, eased 7 more to 303p.

Several recent newcomers to the Unlisted Securities Market were caught up in the general malaise including Scusa, 114p, and Technology For Business, 78p, which both lost around 4. Against the trend, Gilbert House improved the turn to 21p.

Adverse conditions elsewhere in equities unsettled leading Breweries which closed with moderate losses despite another slack trade. Grand Metropolitan fell 7 to 338p, while Allied-Lyons gave up 5 to 149p. Elsewhere, comment on the merger terms clipped 3 from Amalgamated Distilled Products, 162p, and 5 from Argyll Foods, 123p.

Occasional selling was evident in the Building sector. Interim results at the top end of market estimates failed to benefit Taylor Woodrow, which eased 6 to 544p. Streeters, a good market recently, reacted 4 to 50p. London Brick gave up 2 to 83p awaiting today's interim results, but Blue Circle held at 450p pending tomorrow's announcement of the half-yearly figures. Tarmac resisted the trend with a rise of 6 to 428p as did Trent Holdings, up 5 more at 225p.

A reaction in some of the recent U.S. favourites was particularly marked in ICI which tumbled 18 to close around the day's lowest of 522p. Rentokil eased 2 to 136p following the half-yearly figures.

Fraser dull late

Leading Stores remained subdued and falls were generally disproportionate to the actual level of business. Habitat-Mothercare closed 6 lower at 294p, while falls of 5 were common to Burton, 329p, and British Home, 210p. House of Fraser, a rising market of late reflecting revived speculative activity, reacted 14 to 232p, in after-hours' trading following the announcement of an official investigation into the group.

Secondary counters were irregular. I.D. & S. Rivlin returned to the fore on speculative interest and touched 72p before settling for a net gain of 12 at 70p. Buyers also showed interest in mail-order concern Freemans, 6 better at 78p, but Comet, at 290p, gave up Monday's Press-inspired gain of 7.

Electricals were featured by weakness in defence stocks on fears of further Government spending cuts. Plessey fell 11 to 198p, Racal 10 to 477p, Ferranti 17 to 610p and GEC 4 to 210p. Thorn EMI dipped 12 to 595p and BICC relinquished 8 at 217p; the latter's interim results are scheduled for September 7. Electro-Protective closed 10 down at 173p following profit-taking in the wake of the interim results. BSR, first-half figures due tomorrow, shed 6 at 164p, while Standard Telephones and Cables gave up 7 at 306p. Against the trend, speculative buying ahead of tomorrow's results helped Dale to improve 5 to 85p.

Quietly dull conditions prevailed in the Engineering leaders. Hawker, down 6 at 314p, were not helped by revived talk of defence spending cuts, while Vickers closed a couple of pence cheaper at 122p. TI gave up 4 to 156p and GKN eased a penny to 182p. Elsewhere, Smith Whitworth improved 2 to 17p on the return to profitable trading, while satisfactory interim results left Fife Indmar 3 dearer at 143p. Planet Group encountered further speculative support and put on 5 to 59p. Tace rallied from a fresh bout of profit-taking to close only 4 cheaper on the day at 148p, after having been down to 140p.

Food Retailers closed with small losses. Associated Dairies, preliminary results scheduled for next Wednesday, eased 4 to 166p, while recent speculative favourite Bishops A, eased 5 to 213p on sporadic profit-taking. Manufacturers also lacked support, Cadbury Schweppes, 108p, Northern, 168p and RHM, 69, all shedding around 3.

Glaxo sold

Miscellaneous industrial leaders retreated quite sharply on profit-taking. Glaxo, a recent U.S. favourite, dropped 47 to 810p, after 800p, while Beecham lost 7 to 345p and BTR gave up 10 to 542p. Boots, at 177p, gave back 5 of the recent sharp advance which followed U.S. approval for over-the-counter sales of its pain killing drug Ibuprofen. Reckitt and Colman closed 7 easier at 448; the interim figures are scheduled for September 6. Secondary issues were featured by a jump of 22 to 92p in Copydex following the strong interim profits recovery, resumption of dividend payments and the Board's confident remarks concerning second-half prospects. B.B. & E.A. reflected the chairman's optimistic AGM statement with a rise of 8 to 88p.

Cosalt attracted persistent speculative buying and closed 5½ to the good at 47p, after 48p. A rising market of late following the surprise bid from Wigmores. Broken Hill Proprietary rose 23 more to 698p after the Australian Budget. Pritchard Services, however, dipped 8 to 138p on the proposed £24.3m rights issue, called partly to finance the company's share-exchange bid for Spring Grove which closed a penny off at 47p, after 46p. The extremely volatile Bellair Cosmetics plummeted 80 to 500p; unsurprisingly, it was announced yesterday that Wasskon received no acceptances to its 8p per share offer for the company. Profit-taking in the absence of the rumoured bid left Royal Worcester 20 lower at 280p, while British Aerospace cheapened 3 to 175p on fears of defence spending cuts.

Among Leisures, further favourable comment prompted renewed support of Riley which firmed 2 more to 204p. Associated Leisure added the turn to 108p; the price in yesterday's issue was incorrect.

Among Motor Distributors, Lex Service met scattered selling and, at 353p, gave up 15 of the previous day's gain of 21. Elsewhere, profit-taking clipped a few pence from BL, 65p, but further consideration of the interim results lifted coachbuilders Coleman Milne 5 to 62p.

John Waddington staged a late rally and closed 6 to the good at 244p, while unwelcome suitors British Printing and Communication rose 4 to 110p; news of the final acceptances is expected shortly.

Properties plotted an irregular course in moderate trading. Tops Estates eased 3 to 57p, while Apex closed 4 lower at 96p, the latter following the results.

Shippings became irregular. P & O Deferred, 217p, lost most of Monday's rise of 4, while profit-taking clipped a few pence from Milford Docks, 68p. In contrast, scattered support was evident for James Fisher, 9 better at 115p, and for Lyle, 8 up to record a two-day gain of 13 at 160p.

Trusts followed the easier trend in equities. Felming American Investment 7 per cent Convertible 1999, issued to Ordinary and existing Convertible holders by way of rights, began life at £3 premium.

Setback in Oils

Renewed weakness in the speculative Irish oil stocks coupled with suggestions of forced selling contributed to a marked deterioration in overall sentiment in the Oil share market. Atlantic Resources closed 45 down at 355p, after 340, while Aran finished 9 lower 38p, after 35p. Eglinton fell 50 to 150p and Gaelic 10 to 40p. Leading issues extended initial losses following yesterday's lower opening on Wall Street. BP, 430p, and Shell, 620p, lost 12 apiece, while Britoil, awaiting tomorrow's interim statement, gave up 8 to 244p. Lasmo, down 24 at 352p, reflected disappointment with the half-year figures. Elsewhere, Saxon reacted 10 more to 210p and Sun (UK) Royalty came back 15 to 235p.

Australians firmer

Australian issues raced ahead once the budget proposals were known in London yesterday. In response to the absence of bad news for the resources industries from this source, leading stocks recorded good rises across the board, and the second-liners strengthened in sympathy.

Western Mining closed 8 to the good at 298p, after touching 300p, while Peko-Wallsend were finally a similar amount up at 446p, after 436p. CRA and EZ Industries both gained 5 to the same figure of 350p, the latter helped by excellent full-year profits, while Gold Mines of Kalgoorlie also gained 5, to 630p.

Platinums took the limelight among South African shares, with Rustenburg jumping 36 to a high for the year of 816p, and Impala rising 29, also at a peak of 946p, both in response to the firmer platinum price.

In Diamonds, De Beers rose 10 to 690p on early morning optimism about the forthcoming half-year results, slumped to 650p after the disappointing figures were announced but recovered to close at 665p for a net decline of 15.

South African Golds became a little more active than of late, with good two-way business developing among the heavyweights and stronger South African demand emerging after several day's sales from this source.

Randfontein, still a market favourite, jumped £2 to £99, while Hartebeestfontein were finally a point up at £56½. Gains of around ¼ were common to Southvaal, £43, President Steyn, £37½, Driefontein, £24¼, Kinross, £17¾ and ERPM £13.

The Gold Mines index picked up 7 points more at 668.2.

South African Financials followed the Golds higher, with "Amgold" ½ firmer at £82¾ and Gold Fields of South Africa up ⅞ at £88. "Johnnies" were steady at £90 ahead of the full-year results.

By contrast, London Financials had a poor day after recent advances. Gold Fields gave up 10 to 625p, Rio Tinto-Zinc 11 to 655p, and Charter 5 to 268p.

The shake-out in London equities resulted in another disappointing session for Traded Options and contracts totalled a meagre 1,661—1,018 calls and 643 puts. Call trading was again featured by Lonrho which recorded 242 trades, with 171 struck in the popular November 110's. Not surprisingly, premium changes were generally restricted to put positions. Cons. Gold Fields October 650 puts advanced 12 to 52p, while British Petroleum October 460's closed 8 dearer at 40p. ICI October 550's spurted 10 to 34p.

Share Information Service

Money was given for the call in BET, Riley Leisure, Tozer Kemsley and Millbourn, Yelverton, Amstrad, Bats, Beecham, Edenspring, Bambers, First National Finance, Carless Capel, Mettoy, Jackson Exploration, Polly Peck, London and Liverpool, Boots, RTZ and Jefferson Smurfitt. A put was done in Turner and Newall, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	Aug. 23	Aug. 22	Aug. 19	Aug. 18	Aug. 17	Aug. 16	year ago
Government Secs. ...	79.67	79.62	79.51	79.63	79.78	79.75	78.63
Fixed Interest.........	82.62	82.63	82.45	82.52	82.46	82.28	77.95
Industrial Ord..........	724.0	740.4	735.7	736.6	736.0	732.8	571.0
Gold Mines	668.2	661.2	660.0	666.6	667.7	668.3	312.5
Ord. Div. Yield..........	4.65	4.54	4.57	4.54	4.56	4.56	5.20
Earnings, Yld.% (full)	9.42	9.19	9.25	9.18	9.20	9.21	11.56
P/E Ratio (net) (*).....	13.22	13.54	13.46	13.56	13.51	13.49	10.89
Total bargains.	21,088	19,663	21,700	21,292	22,239	25,456	23,278
Equity turnover £m.	—	176.39	166.63	238.92	194.19	258.56	158.26
Equity bargains.......	—	18,409	17,792	19,478	19,869	22,209	15,912
Shares traded (ml)...	—	122.0	104.6	139.9	124.6	155.3	99.5

10 am 737.7. 11 am 730.3. Noon 730.3. 1 pm 729.7.
2 pm 729.3. 3 pm 729.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil—12.48.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int....	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.....	740.4 (22/8)	598.4 (12/1)	740.0 (22/8/83)	49.4 (26/6/40)
Gold Mines.	784.7 (15/2)	531.5 (23/5)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 22	Aug. 19
—Daily		
Gilt Edged Bargains...	144.9	145.1
Equities Bargains...	119.5	115.3
Value ...	356.3	516.6
5 day Avrge		
Gilt-Edged Bargains ...	144.1	150.2
Equities Bargains ...	126.7	132.1
Value......	400.1	432.1

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (63)

AMERICANS (2)
Alcoa; Texaco

BANKS (2)
Kleinwort, Benson; Cattle's Hldgs.

BUILDINGS (2)
Brownlee; Trent Hldgs.

CHEMICALS (2)
Hoechst Fin. 10pc Uns. Ln.; Akzo N.V.

ELECTRICALS (4)
Arcolectric A N-V; Cifer; Feedback; Pactrol Elect.

ENGINEERING (4)
Bromsgrove Casting; Planet Group; Robinson (T.); Tecalemit

FOODS (1)
Harlewood Foods

HOTELS (1)
Mount Charlotte

INDUSTRIALS (6)
Advance Services; Broken Hill Prop.; Cape Inds.; Copydex; Marling Inds.; Restmor

INSURANACES (1)
Combined Inc.

LEISURE (1)
Assoc. Leisure

MOTORS (2)
Jessups; Lookers

NEWSPAPERS (1)
Bristol Post

PAPERS (1)
Clay (Richard)

PROPERTY (1)
Lend Lease

TEXTILES (1)
Stoddard A

TRUSTS (14)
Baillie Gifford Japan; General Fonds; Gen Stockholders; Keystone Inv.; London & Lennox; Mid Wynd Inv.; Outwich Inv.; RIT & Northern; Do. Warrants; Raeburn Inv.; TR Australia; TR Natural Resources; Ex Lands; Int. Inv. Tst. Jersey

OILS (5)
Bridge Oil; Genoa NL; Hunting Petroleum; Moonie Oil; Weeks Australia

OVERSEAS TRADERS (1)
Lonrho

PLANTATIONS (1)
Rowe Evans Inv

MINES (10)
Wit Nigel; Impala Plat.; Rustenburg Plat.; Bond Corp.; Crusader Oil; Enterprise Gold Mts.; Paringa; Samantha; Sons of Gwalia; RTZ 9¼pc Cnv. Uns. Ln. 1995-2000

NEW LOWS (13)

AMERICANS (1)
Amer. Medical Int

BUILDINGS (2)
French Kier; Jarvis (J.)

ENGINEERING (4)
Austin (J.) Steel; Camseal; Davis Gowerton; Willey

FOODS (1)
Clifford's Dairies

INDUSTRIALS (3)
Barget; British Aerospace; Spring Grove

PROPERTY (1)
Estates & Agency

SHIPPING (1)
Sea Containers

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	57	27
Corpns. Dom. and Foreign Bonds ...	6	8	63
Industrials	158	374	828
Financial and Prop.	62	154	300
Oils	20	47	45
Plantations	1	8	12
Mines	71	20	70
Others	35	100	57
Totals	370	768	1,402

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug 22	Sept 9	Nov 24	Dec 5
Sept 12	Sept 23	Dec 8	Dec 19
Sept 26	Oct 7	Dec 22	Jan 3

For rate indications see end of

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of changes	Mon. close	Day's change
Saxon Oil	16	220	−15
Boots	13	182	+ 9
BP	11	442	—
Cons Gd Fields	11	635	—
BSR	9	170	+ 5
Blue Circle ...	9	450	+12
Hawley Grp. ...	9	185	+ 8
Midlnd Bk New	9	83pm	− 2
Norton (W. E.)	9	32½	− ½
Pict. Petroleum	9	92	+ 7
RTZ	9	656	+ 9
Wedgwood ...	9	100	+ 5
Westmstr Prps	9	24	+ 4
Beecham	8	352	+10

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	38	− 9
Atlantic Res.	356	−45
Copydex	92	+22
Cosalt	47	+ 5½
De Beers Defd.	665	−15
Eglinton Oil & Gas......	150	−50
Electro-Protective	173	−10
ICI	522	−18
Racal Elect.	477	−10
Rivlin (I D. & S.)......	70	+12
Rustenburg Plat.	816	+34
Standard Chartered ...	470	−22

RECENT ISSUES

... capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ◎ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ✝ Effective issue price after scrip. † Formerly dealt in under special rule.

United Computer

Mr Tom Buffett, chairman of United Computer and Technology Holdings, is hopeful that the current year will, on balance, prove to be another successful one for the company.

It would be unrealistic, he says, to assume that the company, being venture capital orientated, will not from time to time take an interest in a company in which the apparent potential is not realised.

However, given the company's policy of restricting the size of investments, and taking into account the analytical experience available to it, he hopes the current year will be successful.

The group invests in computer and other high technology companies. Its profit for the year ended March 31 1983 rose from £38,138 to £49,161, and the dividend was stepped up to 1.1p net per share, against 0.8p.

LONDON TRADED OPTIONS

Aug. 23 Total Contracts 1,661 Calls 1,018 Puts 643

* Underlying security price.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102 1/32	100 1/32	Exch. 13½pc '83	100½	.....	13.39	9.58
100 1/16	98 1/4	Exch. 10pc 1983	100 1/16	.....	9.99	9.55
98 1/32	96¼	Funding 5½pc '82-84‡‡	98 1/32	+1/16	5.57	8.50
101¼	99⅞	Exch. 11¼pc 1984	100 1/32	–1/32	11.18	9.61
104⅛	102⅛	Exchequer 14pc 1984	102 1/16	–1/16	13.69	10.48
95 1/16	92½	Exch. 3pc 1984	94 1/32	+1/16	3.17	9.84
102 1/32	100 1/32	Treasury 12pc 1984	101½xd	+1/16	11.82	10.54
107 1/32	104 1/32	Treasury 15pc 1985	105 1/16	.....	14.24	11.01
107	101 1/16	Exch. 12pc Cnv. '85	101 1/16	–1/16	11.85	10.95
91⅞	88⅝	Treasury 3pc 1985	90 1/32	+1/16	3.30	8.69
102 1/16	99⅞	Treasury 11½pc 1985	100½	–⅛	11.44	11.15
102	95	Treas 8¼pcCnv '85	96¼xd	–1/16	9.04	10.57
103⅝	100⅛	Exch. 12¼pc 1985	101½	–1/16	12.07	11.41
102 1/16	99 1/16	Exch. 11¼pc '86	100 1/32xd	–1/16	11.67	11.41
40¾	40	Tr. 10pc Cnv '86 (£40pd).	40⅝	–⅛	10.22	10.95
88½	85⅛	Treasury 3pc 1986	86⅝	+⅛	3.46	8.57
101 1/32	97 1/16	Exch. 10½pc Cv '86	97¾	+1/16	10.74	11.45
103 1/32	100 1/16	Treasury 12pc '86	100⅞	–1/16	11.90	11.58
94⅞	94¼	Treasury 8¼pc '84-86‡‡	94⅞	+1/16	8.96	10.56
114	103¼	Treas. 12¼pc '86 Cnv.	105½	+¼	11.61	9.98
109 1/16	105 1/16	Exch. 14pc 1986	105⅝	–1/16	13.27	11.79
107¼	103⅝	Exch. 13¼pc 1987	104 1/16	–1/16	12.70	11.65
97⅞	95⅞	Tr 10¼pc Cv '87	96¼	–¼	10.63	11.50
84 1/16	80¼	Exchequer 2½pc 1987	81 1/16xd	.....	3.08	8.86
100 1/16	95⅞	Exch. 10½pc 1987	96⅝	–1/16	10.85	11.57
99 1/16	96	Exch. 10½pc 1987A	96½	–⅛	10.87	11.68
93¼	88⅛	Funding 6½pc '85-87‡‡	88⅝	.....	7.35	10.35
86	80¼	Treasury 3pc 1987	80 1/32	+1/16	3.70	8.90
104⅝	99⅞	Treas 12pc 1987	100⅝	–1/16	11.91	11.77
93¼	89⅞	Treasury 7¾pc '85-88‡‡	90	.....	8.61	10.62
101½	95½	Exch 10½pc '88	96¼	–⅛	10.90	11.53
81½	75¼	Transport 3pc '78-88	76 1/32	–1/16	3.90	8.95

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102½	101	Inv in Ind 14pc 1983	101¼	.....	13.83	9.98
96	92	Do 6¼pcDb '81-84	96xd	+½	6.51	9.45
106½	96¼	Do. 10½pc Uns Ln. '86	98½	.....	10.81	11.90
104	96½	Do. 11pc Uns.Ln '88	98	.....	11.40	11.80
104¼	97½	Do. 11¾pc Uns.Ln '90	100½	.....	11.88	12.00
106½	91½	Do. 12½pc Un. Ln 1992	100½xd	+¼	12.44	12.40
78¾	74½	Do. 7¼pc A Deb '89-92	76½	.....	9.71	11.50
77½	70½	Do. 7¼pcADeb '91-94	73½xd	.....	9.86	11.50
87⅞	80½	Do. 9pc 'A' '91-94	82½xd	.....	10.91	11.90
86	72 1/16	Do. 8⅞pcLn. '92-97	81¼	.....	10.99	11.60

Building Societies

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	98⅞	N'wide 11¼pc 30.8.83	100	.....	—	—
100⅛	99¼	Do. 11⅜pc 3.10.83	100	.....	11.38	10.56
99¼	98	Do. 9 15/16pc 31.10.83	99¼	.....	9.96	10.76
99¾	98	Do. 9⅞pc 28.11.83	99¾xd	.....	9.90	10.39
100½	99⅝	Do. 11¼pc 19.12.83	100¼xd	.....	11.24	10.62
100⅞	99	Do. 11⅞pc 23.1.84	100½	.....	11.82	10.48
100⅞	100	Do. 11⅞pc 13.2.84	100½	.....	11.82	10.75
100⅝	99	Do. 11¼pc 19/3/84	100⅝xd	.....	11.18	10.30
100⅝	99⅞	Do. 11¼pc 9/4/84	99⅞	.....	11.26	11.54
100¼	99½	Do 10 11/16% 30/4/84	99⅞	.....	10.76	11.65
100⅞	99⅝	Do 10⅞% 29/5/84	99⅝	.....	10.92	11.36
100⅞	99½	Do. 10⅞pc 18.6.84	99½	.....	10.93	11.28

FOREIGN BONDS & RAILS

1983 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
13	8	Chinese 4½pc 1898	13	+1	—	—
11	10	Do. 5pc 1912	10	.....	—	—
11	8	Do. 5pc 1913	8½	+½	—	—
8	5½	Do. 5pc '25 Boxer	7½	.....	—	—
47	40	Greek 7pc Ass.	46xd	.....	3½	f7.61
45	41	Do. 6pc 28 Stb. Ass.	44	.....	3	f6.84
44	38	Do 4pc Mixed Ass.	42	.....	2	f4.79
34	27	Hung. '24 Ass.	34xd	.....	2¼	f8.09
120	102½	Hydro Quebec 15pc Ln 2011	116½xd	.....	15	13.21
76	75	Iceland 6½pc '83-88	75	.....	6½	13.55

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCES

INDUSTRIALS—Continued

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
132	124	I.C. Industrials	[illegible]	[illegible]	[illegible]	—	[illegible]	—
495	344	Initial	485		12.75	2.2	3.8	14.5
71	27	Inter-City 20p	67	–2	—	—	—	—

LEISURE

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
78	69	A.& R TV Pref £1	[illegible]		5.95	[illegible]	[illegible]	—
101	93	Adam Leisure 10p	96	–1	[illegible]	[illegible]	[illegible]	[illegible]
141	114	Anglia TV 'A'	128	+2	6.5	2.7	7.3	6.5
108	85	Assoc. Leisure 5p	100	+1	h4.13	2.2	5.9	14.1
128	72	Barr & W A.T. 'A'	122	+2	5.0	1.9	5.9	[illegible]
100	40	Boosey & Hawkes	93	+2	—	—	—	24.6
178	118	Booker & Hawkes	170		2.1	1.5	1.9	[illegible]
61	40	Campari Int. 20p	59	+2	d2.73	1.2	6.6	[illegible]
35	23	Fairline Boats 10p	35		td1.0	—	4.1	—
31	14½	GRA Group 5p	30	–1	—	—	—	38.5
58	45	Grampian TV A 10p	55	+1	3.6	2.9	9.8	4.3
163	136	HTV Non/Vtg	154		11.0	2.0	10.2	6.9
222	125	Horizon	127	–4	73.6	5.7	4.1	5.5
162	91	Intasun 10p	145		4.0	4.5	3.9	6.4
60	29	[illegible]	30		1.0	2.1	3.5	15.3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
243	182	Lynton Hldgs. 20p	225	–2	4.75	2.7	3.0	23.5
234	184	MEPC	213	+4	7.25	1.3	4.9	21.0
145	112	Markheath	128		hd9.75	—	11.6	—
46	35	Marlborough 5p	43	–1	0.45	3.3	1.5	24.2
102	83	Marler Estates	90	–1	2.0	4.0	3.2	8.4
60	32	McInerney 10p	60		0d4.5%	4.3	8.8	2.5
127	97	McKay Secs. 20p	117		3.4	♦	4.2	♦
50	41	Marland Secs 5p	45		2.0	♦	6.6	♦
235	112	Mountleigh	220		5.5	♦	3.6	♦
198	112	Mountview 5p	187	+3	3.7	8.8	2.8	5.7
83	68	Muckow (A. & J.)	75	–2	t4.25	1.5	8.1	[illegible]
93	72	New Cavendish 5p	75		—	—	—	—
124	87	North Brit. Props.	99	–1	3.1	0.9	4.5	[illegible]
42	29	Parkdale Hldgs. 10p	35	–1	t0.8	0.5	4.2	19.3

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	210	Falcon Rh.50c.	220	......	Q70c	4.2	24.9
23	16	Wankie Col. Z$1	23		Q5c	0.7	12.8
28	18	Zam.Cpr.SBDC.24	19	......	—	—	—

Australians

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	18	......	—	—	—
40	32	Allstate Expln NL	37	......	—	—	—
25	11	Balmoral Resources	18	......	—	—	—
60	37	♥Black Hill Mins.	48	......	—	—	—
65	51	♥Bond Corp.	65	+2	gQ10c	2.3	9.4
183	116	♥Bougainville 1 Kina	180	+7	mQ1.4c	1.2	1.2
360	204	♥CRA 50c	350	+5	tQ3c	—	0.5
145	60	♥Carr Boyd 20c	88	–1	—	—	—
43	18	♥Central Pacific	35	+1	—	—	—
9	2¼	♥Cons Gold Mng Areas	3	......	—	—	—
220	183	♥Crusader Oil	220	+10	—	—	—
15	8	♥Cultus Pac NL	11½	......	—	—	—
19	7	♥Eagle Corp 10c	19	......	—	—	—
14	8	♥Endeavour 20c	12¼	......	—	—	—

Tins

Miscellaneous

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
170	90	Admiral Mines	90	–5	—	—	—
90	34	♥Anglo-Dominion	77	......	—	—	—
93	54	♥Anglo Utd. Dev.	66	......	—	—	—
135	60	♥Colby Res Corp.	125	......	—	—	—
505	315	Cons. Murch. 10c.	500	......	‡Q60c	1.9	‡
5½	3	‡‡Explaura Gold	3	......	—	—	—
185	103	♥Highwood Res	175	–5	—	—	—
£24¼	£18	Homestake Mining $1	£24½	+¼	bQ20c	—	0.6
495	330	Northgate C$1	360	–10	—	—	—
672	437	R.T.Z.	655	–11	t17.0	1.9	3.7
£147½	£108	Do.9½%Cv.Ln.'95-2000	£147½	+½	Q9½%	21.4	f6.5
190	73	♥Sabina Inds C$1	142	–3	—	—	—
88	50	‡Southwest Res 40p.	82	......	—	1.9	—
615	312	♥Tara Expln $1	565	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ☐ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv. 20p	62	–2
Bdg'wtr. Est. 50p	270	......
Craig & Rose £1	£11½	......
Finlay Pkg. 5p	37	......
Graig Ship. £1.	22	......
Higsons Brew.	85	......
Holt (Jos) 25p	910	......
I.O.M. Stm. £1	140	......
Pearce (C. H.)	500	......

IRISH

Stock	Price	+ or –
Nat. 9¾% 84/89	£86½	......
Fin. 13% 97/02	£101	......
Alliance Gas	90	......
Arnott	210	......
Carroll (P.J.)	111	+1
Concrete Prods.	72	......
Heiton (Hldgs.)	16	......
Irish Ropes	52	......
Jacob	82	......
T.M.G.	60	......
Unidare	72xd	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	27	Utd. Drapery	14
BOC Grp.	20	I.C.I.	35	Vickers	12
B.S.R.	12	"Imps"	11	Woolworth Hld.	27
Babcock	16	I.C.L.	8½	**Property**	
Barclays Bank	35	Ladbroke	20	Brit. Land	8½
Beecham	35	Legal & Gen.	38	Cap. Counties	15
Blue Circle	44	Lex Service	90	Land Sec.	30
Boots	22	Lloyds Bank	45	MEPC	22
Bowaters	19	"Lofs"	3½	Peachey	16
Brit. Aerospace	20	London Brick	8	Samuel Props	10
B.A.T.	65	Lucas Inds	15	Town & City	3
Brown (J.)	5	"Mams"	12		
Burton Ord.	35	Mrks. & Spncr	20	**Oils**	
Cadburys	11	Midland Bank	35	Brit. Petroleum	32
Courtaulds	8½	N.E.I.	10	Burmah Oil	18
Debenhams	12	Nat. West. Bank	50	Charterhall	5
Distillers	22	P & O Dfd	14	KCA	8
Dunlop	6	Plessey	50	Premier	4
Eagle Star	35	Racal Elect.	45	Shell	45
F.N.F.C.	4½	R.H.M.	6	Tricentrol	19
Gen. Accident	40	Rank Org. Ord.	17	Ultramar	48
Gen. Electric	22	Reed Intnl.	28		
Glaxo	90	Sears	9	**Mines**	
Grand Met.	32	T.I.	16	Charter Cons.	28
G.U.S. 'A'	55	Tesco	14	Cons. Gold	50
Guardian	42	Thorn EMI	50	Lonrho	8½
G.K.N.	16	Trusthouse	20	Rio T. Zinc	55
Hawker Sidd	34	Turner & Newall	4½		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 23

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 20

NEW YORK CLOSING PRICES

Continued from Page 19

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF 01-404 0393

Asset Builder'	65.1	68.3		—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Aug 12	100.9	[illegible]		—
MM Flexible July 29	[illegible]	[illegible]		—
Fixed Interest July 29	[illegible]	[illegible]		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA 0272 279179

See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	204.4	—	+0.7	—
Invest. Tst. Fd. Acc.	209.9	—	+0.8	+12.0
Property Fund Cap	117.1	—	-0.2	—
Property Fund Acc	127.0	—	-0.1	+4.1
Flexible Fund Cap	182.2	—	+0.5	—
Flexible Fund Acc	191.7	—	+0.6	+4.1
Fixed Int. Fd. Cap.	134.1	—	-0.4	—
Fixed Int. Fd. Acc.	[illegible]	—	-0.3	—
Gtd. Deposit Fd. Cap.	138.6	—		—
Gtd. Deposit Fd. Acc.	144.6	—		—
Equity Fund Cap	135.6	—	+0.8	—
Equity Fund Acc	142.0	—	+0.8	—
International Fd. Cap.	138.9	—	-0.4	—
International Fd. Acc.	145.3	—	-0.5	—
Capital Gwth. Fd.	420.7	—	+0.3	—
Moneymaker Fund	107.5	—	+0.5	—
Exempt Inv. Tst. Cap.	416.6	—	+1.5	—
Exempt Inv. Tst. Acc.	430.8	—	+1.6	—
Exempt Inv. Tst. NS	428.5	—	+1.6	+8.0
Exempt Ppty. Cap.	189.6	—		—
Exempt Ppty. Acc.	196.0	—	+0.1	—
Exempt Ppty. NS	194.9	—		+3.6
Exempt Flex Cap.	244.8	—	+0.8	—
Exempt Flex Acc.	252.9	—	+1.0	—
Exempt Flex NS	251.6	—	+1.0	+4.2
Exempt Equity Cap	115.2	—	+0.7	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	286.7			—
Property Fund (A)	279.0			—
Agricultural Fund	1899.8			—
Agric. Fund (A)	1067.4			—
Abbey Nat. Fund	227.5			—
Abbey Nat. Fd. (A)	226.6			—
Investment Fund	138.9			—
Investment Fund (A)	136.1			—
Equity Fund	419.7		-6.2	—
Equity Fund (A)	412.1		-6.1	—
Money Fund	213.7			—
Money Fund (A)	204.8			—
Actuarial Fund	219.6			—
Gilt-edged Fund	184.8			—
Gilt-Edged Fd. (A)	184.8			—
Retire Annuity	350.1			—
Immed. Ann'ty	193.0			—
International Fd.	279.6			—
Bldg. Soc. Life Fd.	103.1			—

Property Gth Pens & Annuities Ltd

All Wther Ac. Uts	287.9	260.9		—
Inv. Fd. Uts.		394.1		—
Pension Fd. Uts.		248.7		—
Conv. Pens. Fd.		284.9		—
Cnv. Pns. Cap. Ut.		214.7		—
Man. Pens. Fd.		314.0		—
Man. Pens. Cap. Ut.		261.0		—
Prop. Pens. Fd.		277.0		—
Prop. Pens. Cap. Uts.		211.4		—
Bldg. Soc. Pen. Ut.		240.6		—
Bldg. Soc. Cap. Ut.		193.4		—
Gilts Pens. Fd.		161.5		—
Gilts Pens. Fd. Cap.		131.6		—
Equity Pens. Fd.		272.2	-3.2	—
Equity Pens. Fd. Cap		226.7	-3.3	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG. 01-749 9111

Equity Acc.	108.5	114.5	-0.2	—
Fixed Interest Acc	89.9	94.6	+0.2	—
Intnl. Acc.	82.6	87.1	-1.9	—
Managed Acc.	92.0	97.0	-0.3	—
Property Acc.	110.9	117.0	+0.2	—
Money Acc.	71.2	75.1		—

OFFSHORE AND OVERSEAS

COMMODITIES AND AGRICULTURE

Higher food prices predicted

By Richard Mooney

SOARING vegetable oil prices on the world market will mean higher prices for a wide range of consumer products, the National Edible Oil Distributors' Association (Neoda) warned yesterday.

In the last few weeks, oils and fats prices had risen by about 60 per cent because of the drought in the U.S., the major world supplier, the association said.

Products affected would range from soups and margarine to gateaux and fish and chips, it added.

"Large stocks which in recent times have been carried over from harvest to harvest are being rapidly used up," explained Mr Bob Boad, the Neoda chairman. "The narrow line between surplus and shortage is being eroded."

Mr Boad said the new situation illustrated the absurdity of the EEC Commission's proposal to tax vegetable oil consumption.

Oil World, the Hamburg-based magazine, has forecast that a serious shortage of oils and fats is likely to develop by the second quarter of next year, as world output of 14 major oils and fats in 1983-84 is likely to rise by only 800,000 tonnes at best to 53.42m tonnes.

The rise may not even reach 800,000 tonnes as the weather has remained hot and dry in U.S. soyabean areas, which could cut the U.S. crop further, it said in its latest issue.

Opening 1983-84 stocks of oils and fats will be unusually small at slightly under 6m tonnes, or 11.3 per cent of usage, down 400,000 tonnes on 1982-83 and the lowest stocks-to-usage ratio since 1976, the magazine said.

Total supplies will be up less than 390,000 tonnes at just under 59.39m

'Golden crop' boosts Malaysian mini-boom

Chris Sherwell looks at palm oil gains

MALAYSIAN authorities can barely conceal their delight these days at the upturn in world commodity prices. The country is a key exporter of rubber and timber and a growing exporter of oil and gas. The timing of the West's economic recovery is helping to calm some of the officials' worst fears about Government finances.

But the greatest excitement is over palm oil. Prices have shot up from around M$800 (£227.27) in June to touch M$1,200 one day last week. Ninety per cent of the world's exports of palm oil are now reckoned to come from Malaysia, and the crop's performance and prospects have already earned it the label of Malaysia's "golden crop."

Palm oil stands out in the current miniboom less because of world economic recovery than as a result of bad weather elsewhere. The soyabean crop in the U.S. is likely to be sharply lower than last year's record levels as a result of the recent heatwave.

A four-month drought in the Philippines early this year and a volcanic eruption in Indonesia are meanwhile believed likely to curtail this year's production of coconut oil, and thus overall availability of oils and fats. Malaysia has itself forecast a reduced production of palm oil this year.

Signs of increased customer demand on the part of importers are buttressing this price recovery. Malaysia in particular is optimistic about the Indian market, where imports of vegetable oil are expected to increase substantially this year. The Soviet Union is also said to be a consistent buver of Malaysian palm oil.

The excitement over palm oil reached a peak a month ago when, on July 21, a record 51,850 tonnes (in 2,074 lots of 25 tonnes each) was traded on the three-year-old Kuala Lumpur Commodities Exchange. By contrast, average daily turnover for the first six months of the year was 422 lots.

Palm oil output in Malaysia is thus set on an upward path. Output of 3.5m tonnes in 1982 (2.8m tonnes exported) is expected to climb to 4.3m tonnes in 1985 and 6.5m tonnes in 1990.

But these projections are based on a judgment that the oil palm tree, through continuing research and development in Malaysia, will live up to its other label—as the tree of a hundred uses.

The most intriguing of these is in an untypical and unexpected area—as a substitute for diesel. Mr Paul Leong, Malaysia's Minister of Primary Industries, speaking three months ago at Kuala Lumpur's Palm Oil Research Institute, announced that the direct use of palm oil and its derivatives as fuels "yields a promising level of thermal efficiency of 84 per cent compared with that of petrol diesel."

Palm diesel was similar in "burning qualities, chemical stability and ignition properties," he said, and it did not give rise to petrol diesel's corrosion and pollution problems. Moreover, after allowing for existing subsidies on petrol diesel, palm diesel could be economically produced in Malaysia when the crude palm oil price was below M$897 per tonne.

On top of this, Mr Leong reported that effluent for palm oil mills could be harnessed as a source of electricity by being converted to methane gas which could run power plants. With 2.5 tonnes of effluent for every tonne of palm oil produced, enough emerged last year to generate 3 per cent of Malaysia's electricity output, according to the Minister.

These novel benefits of palm oil production reinforce the versatility of a commodity which already has multiple applications. Its edible uses include the manufacture of margarine, cooking and frying oil, shortening, non-dairy creamers and ice cream. It is also used in the manufacture of soap, detergent, greases, lubricants, candles and emulsifiers.

Mr Leong sees other unusual applications in prospect too: The tree's trunk and the waste from the oil-producing bunches of fruit as compost for mushroom cultivation and manure, the trunk, fibre and shell for production of paper, the effluent as animal feed, and, from the leaves as well as the oil, vitamin E—said by its promoters to combat ageing.

For Malaysia, all this is music to the ears. Palm oil cultivation beats other oil-bearing crops in productivity, yield and efficiency, and Malaysia excels among the world's producers.

But there is also a note of caution. Malaysia is worried about the attitudes of bodies such as the World Bank, which takes the view that the world would be better off if Malaysia trimmed its oil palm ambitions and concentrated more on rubber.

Malaysia rejects this view, saying it supports U.S. soyabean producers and other less efficient palm oil producers at its own expense. Certainly it is reluctant, given current returns on palm oil, to reverse the trend of the past 20 years of substituting oil palm for rubber.

Pik corn programme repeat unlikely

WASHINGTON—U.S. Agriculture Secretary John Block says he does not expect the Government to offer a payment-in-kind (Pik) programme for the 1984 corn crop, Reuter reports.

He said a Pik programme for corn would not be needed because of the drought and higher-than-expected participation in this year's acreage reduction programmes.

The Administration will examine a whole host of options to aid farmers suffering from the drought. There is "a sizeable amount of money that could be loaned out for disaster areas."

Mr Block also said he will attempt to lower the U.S. corn loan rate for the 1984 crop as much as is legally possible.

When the safety nets get to such a high level that they encourage production in the U.S. and other countries, we should work toward keeping this safety net at market-clearing levels 90 per cent of the time."

He acknowledged, that the stymied by Congress in its efforts to freeze target prices and lower dairy price suports.

Those farmers who participated in the Pik programme—which involves giving producers surplus Government-owned grain in return for leaving land idle—this year will not be hurt as badly by the drought as those who did not participate.

Mr Block cited private forecasts that food prices in 1984 will rise 6 per cent, with 1.5 per cent of the rise due to adverse weather.

Mr Block said the new long-term grain agreement with the Soviet Union will give the U.S. about 40 per cent of the Soviet import market, up from the low of 20 per cent in recent years, but well below the peak of 70 per cent before the 1980 grain embargo.

In Chicago, grains and soyabean futures closed locked limit up in very heavy demand, with lack of rain last weekend and forecasts for only scattered showers fuelling enthusiasm.

Cocoa continues to slide

BY OUR COMMODITIES STAFF

COCOA PRICES on the London futures market resumed their downward trend yesterday although most traders remained extremely cautious in their assessments of the West African crop.

The December position, which steadied a little on Monday following last week's £70 fall, ended the day £16 down at £1,511.50 a tonne.

No clear picture has emerged from the reports of analysts returning from on-the-spot surveys in the Ivory Coast. Most are agreed that pod setting has been quite good but opinions vary about how much the continuing dry conditions will hold back pod filling.

Concern over West African crops following severe drought and bush fires earlier this year were largely responsible for lifting future prices to four-year highs at the beginning of this month. But values have now retreated more than £100 from the peak levels.

The market is also becoming extremely nervous about the political and economic situation in Ghana where fuel and spares shortages coupled with road deterioration are seriously hampering crop transporting.

Some dealers thought the London market showed considerable strength yesterday in limiting the fall.

Friends of Earth seek winds of change

By Barbara Dalzell

THE GOVERNMENT should take swift action to ban strawburning, says a report out today.

Friends of the Earth condemns strawburning as unjustifiably wasteful. It estimates that the 5-6m tonnes sent up in smoke every year has a potential value of £500m and produces enough energy to replace .56 per cent of UK nuclear output.

"Straw burning typifies the worst of British agriculture: limitless subsidies for overproduction, over-reliance on chemicals and the jettisoning of workers in favour of machines and intensive use of energy," says the report.

"It destroys any credibility that farmers have as representing an industry which cares for the countryside."

The Ministry of Agriculture and the National Farmers Union (NFU) draw up a code of practice on strawburning each year

The Ministry does not prosecute those who breach the code but argues that local authorities can take action against farmers who contravene bye-laws. It believes the answer is to educate farmers

The NFU has no immediate plans to tighten the code. It points out that the possibility of a £1,000 maximum fine now exists and it hopes this will encourage more councils to prosecute.

Friends of the Earth dismisses this as so much chaff. It says not all councils have bye-laws regarding careless buring, and that only a few councils have raised the fine maximum. Many did not even know it was possible to do so.

Silver rises to highest level since end of May

By John Edwards

SILVER PRICES rose in London yesterday to the highest level since the end of May. The bullion spot price was raised by 20.20p to 831.70p a troy ounce at the morning fixing and remained at the higher level during the afternoon.

The firm trend was attributed to the rise in gold and a strong advance in New York reflecting the weakness of the dollar and belief that the rise in U.S. interest rates has been halted. Industrial demand for silver is also reported to be improving.

On the London Metal Exchange yesterday cash zinc rose by £8.75 to a two-year peak of £552.5 a tonne. Cash aluminium gained £9.5 to £1,083.5 a tonne.

● FRIONOR, the Norwegian fish marketing group, says it will stop processing and selling whale meat in 1986.

● INDIA is inviting tenders for up to 30 kilos of platinum and 1,000 tonnes of high-grade zinc for delivery in August and September respectively.

● HUNGARY expects a record sunflower seed harvest of 638,000 tonnes.

● BRAZIL is offering increased discounts on coffee sales to countries not belonging to the International Coffee Organisation.

● EAST GERMANY said it reached its target for grains production but did not release a yield-per-hectare figure.

● THE IVORY Coast may delay the start of the annual coffee campaign to ensure that beans are properly dried. Growers who pick unripe beans this year will have their crops confiscated.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 23 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£950
Free Mkt.	$1600/1630	+15	$1555/585
Copper			
Cash h grade	£1064	+2.25	£1136
3 mths	£1091.75	+1.5	£1158.75
Cash Cathode	£1033	+1	£1094
3 months	£1059.5	+1	£1023
Gold troy oz	$425.625	+1	$425.75
Lead Cash	£261.25	....	£267.25
3 months	£271.75	....	£277.375
Nickel	£4625.93	....	£4720.78
Free mkt.	220/250c	....	218/238c
Palladium	$153.75	—1	$153.50
Platinum	£290.20	—0.3	£289.40
Quicksilver†	$275/285	....	$280/290
Silver troy oz	831.70p	+20.20	814.35p
3 mths	851.90p	+20.70	834.05p
Tin cash	£8421.5	—1	£8570.5
3 month	£8535.5	—5	£8611
Tungsten	$84.32	....	$83.07
Wolfsm 22.04 lb	$73/77	....	$78/80
Zinc Cash	£552.5	+8.75	£504
3 mths	£568.25	+8.5	£519.25
Producers	$850	....	$820

	Aug. 23 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$1025z	+80	$960
Groundnut	‡	....	‡
Linseed Crude	‡	....	£358
Palm Malayan	$640v	....	$465
Seeds			
Copra Phili	$655x	+25	$600
Soyabean (U.S.)	$345.25	+10	$286.90
Grains			
Barley Fut. Nov	£117.75	+0.55	£115.40
Maize	£143.50w	... ...	£141
Wheat Fut. Nov	£125.55	+0.50	£120.00
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1567	—16	£1729
Fut. Dec	£1511.5	—16	£1674
Coffee Ft. Nov	£1597.5	—4	£1653.5
Cotton A. Index	90.60c	+0.25	88.40c
Gas Oil Sept	$260.5	—0.5	$248.625
Rubber (kilo)	78p	+0.25	80p
Sugar (Raw)	£172.5zv	+4.5	£180
Woolt'ps 64 z.	392p kilo	....	384p kilo

‡ Unquoted. z Aug-Sept. u Nov. y Sept-Oct. x Oct-Nov. w Sept. v Oct. † Per 16lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

[illegible]

GAS OIL FUTURES

An opening $2.00 lower encouraged a brief flurry of activity before prices settled into a narrow range. The market moved up through the afternoon to reach the highs near the close, reports Premier Man.

[illegible]

GOLD MARKETS

[illegible]

EUROPEAN MARKETS

[illegible]

BRITISH COMMODITY MARKETS

BASE METALS

BASE METALS generally had a good day on the London Metal Exchange, in spite of the renewed strength of sterling. Copper moved ahead to a high of £1,095 in the afternoon Rings, closing the late Kerb just below the top at £1,093. Zinc gathered strength throughout the day to close at £568, Japanese buying boosted Aluminium to £1,112, and Nickel rose steadily to £3,320. Tin and Lead both had quiet days, with the former closing at the support level of £8,535 and the latter at £270.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1066.5-7.5	+10.2	1063.5-4.5	+1.75
3 months	1095.5-6	+9.5	109.5 2	+1.5
settlem't.	1067.5	+11	—	.....
Cathodes				
Cash	1035-7	+10	1032-4	+1
3 months	1062-3	+11	1059-60	+1
Settlem't	1037	+10	—	
U.S. prod.	—	—	*77-81	.....

Amalgamated Metal Trading reported that in the morning higher-grade cash [illegible]

Nickel — Morning: Three months £3,300, 3,295, 3,300, 04. Afternoon: Three months £3,315, 12, 11, 12, 15. Turnover: 2,718 tonnes.

SILVER

LME—Turnover 88 (161) lots of 10,000 ounces. Morning: Three months 854.5, 54.0, 53.5, 53.0, 53.5. Kerb: three months 854.0, 53.5. Afternoon: three months 851.0, 51.5, 52.0. Kerb: three months 851.0, 52.0, 53.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	831.70p	+20.2	831p	+6.5
3 months	851.90p	+20.7	851.25p	+6.75
6 months	872.10p	+21.7	—	.....
12months	913.80p	+20.6	—	.....

Silver was fixed 20.20p an ounce higher for spot delivery in the London bullion market yesterday at 831.70p. U.S. equivalents of the fixing levels were: spot $12.767, up 38.7c; three-month $13.089, up 39.7c; six-month $13.414, up 40.2c; and 12-month $14.077, up 39.9c. The metal opened at 829-831p ($12.74-$12.78) and closed at 831-833p ($12.71-$12.75).

Following an initial opening of £10 lower, Robustas rallied in quiet conditions to end the morning session about unchanged, reports Drexel Burnham Lambert. Further gains were established early in the afternoon, but gradually prices eased under commission house selling.

GRAINS

Wheat opened 60p higher on a strong Chicago market and remained in a narrow range despite profit-taking. Barley saw a good spread trade and was quietly steady, reports Muirpace.

Mnth.	WHEAT Yestrday's close	+ or —	BARLEY Yestday's close	+ or —
Sep	123.05	+0.65	114.40	+0.55
Nov	125.55	+0.50	117.75	+0.55
Jan	128.80	+0.40	121.35	+0.50
Mar	131.80	+0.45	124.45	+0.40
May	134.85	+0.35	126.65	+0.20
July	138.20	+0.30	—	—

Business done—Wheat: Sept 123.20-3.00, Nov 125.75-5.50, Jan 129.15-8.75, Mar 132.10-1.70, May 135.20-4.85, July 138.45-8.25. Sales: 580 lots of 100 tonnes. Barley: Sept 114.45-4.25, Nov [illegible]

No. 4 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Oct.	178.75	181.50	185.50-78.00
Dec.	187.50-89.50	189.00-90.50	191.00-87.00
Mar.	199.25	200.40	202.75-98.75
May	203.50-03.75	204.40-04.75	206.00-03.40

Sales: 2,938 (2,523) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.9 (same) a tonne for home trade and £283.00 (£278.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Aug 22: Daily price 10.50 (10.54); 15-day average 10.79 (10.82).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 227 tonnes. Steady buying persisted, with most users keeping well in touch with current rates. Activity was maintained in specialist qualities grown in the Middle East, while interest was again displayed in North American styles.

WOOL FUTURES

[illegible]

WEEKLY METALS

[illegible]

INDICES

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

MEAT/FISH

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

AMERICAN MARKETS

NEW YORK, August 23

Precious metals traded in an erratic manner with long liquidation prompted by declining financial instruments; while the selling pressure was not excessive it was sufficient to keep the market on the defensive most of the day. Copper was featureless after a strong opening with arbitrage selling against sterling resulting in nominal gains going into the close. Heating oil prices were slightly higher in anticipation of tight stocks to be reported after the close. Sugar prices came under heavy selling pressure and declined sharply on arbitrage selling which led to technical stop selling. Cocoa prices declined from commission house liquidation as lack of new crop news contributed to the weakness. Coffee exhibited a strong tone in light activity as dealer inquiries boosted values. Cotton prices were sharply lower as nervous liquidation dominated the market reaction. Soyabeans and oil finished up the daily limit while maize backed off from limit gains on profit-taking and wheat closed with sizeable losses, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes; $/tonnes

	Latest	High	Low	Prev
Sept	2054	2105	2052	2109
Dec	2100	2149	2090	2157
March	2129	2179	2121	2187
May	2149	2192	2147	2205
July	2175	2210	2175	2218
Sept	2210	2210	2210	2228
Dec	2195	2223	2195	2233

COFFEE "C" 37,000lb, cents/lb

	Close	High	Low	Prev
Sept	132.23	132.25	130.85	131.04
Dec	131.33	131.70	130.60	130.77
March	128.30	128.95	128.30	128.35

[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Aug	1267.2	1283.0	1264.0	1268.[illegible]
Sept	1269.0	1290.0	1263.0	1271.[illegible]
Oct	1290.5	—	—	1283.[illegible]
Dec	1303.5	1325.0	1297.0	1305.[illegible]
Jan	1316.2	1316.0	1316.0	1316.[illegible]
March	1338.5	1362.0	1332.0	1338.[illegible]
May	1362.3	1385.0	1356.0	1361.[illegible]
July	1386.1	1412.0	1389.0	1384.[illegible]
Sept	1409.9	1449.0	1410.0	1407.[illegible]
Dec	1445.4	1450.0	1443.0	1441.[illegible]

SUGAR WORLD "11" 112,000lb. cents/lb

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers early losses

The dollar finished on a very firm note, recovering its early losses, as traders began to suspect that the U.S. currency still has some upward movement in it at present levels, and that the long saga over the M1 money supply may not be over, even if another minus figure is announced on Friday.

There were no new factors however, and little anticipation of a change in U.S. credit policy at this week's Federal Open Market Committee meeting.

Against this background, after an early decline the dollar and sterling closed little changed against Continental currencies and the yen.

DOLLAR—Trade-weighted index (Bank of England) 127.2 against 119.8 six months ago. The latest figures on money supply have given rise to cautious optimism, and a halt to the dollar's advance. It had previously climbed to new records on fears of higher interest rates as a result of the U.S. Budget deficit and money supply growth.

The dollar closed unchanged at DM 2.6325 against the D-mark, and rose to FFr 7.9275 from FFr 7.9150 against the French franc; to SwFrs 2.1410 from SwFrs 2.14 in terms of the Swiss franc, and to Y243.30 from Y242.95 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. July average 1.5378. Trade-weighted index 85.7 against 85.8 at noon, 85.9 at the opening, 85.8 at the previous close, and 80.1 six months ago. The pound has been fairly steady and firm of late, despite the volatility of the dollar. The absence of the Bank of England in international central bank intervention intended to stop the dollar's rise caused only a temporary softening of sterling, which has generally held up well against the U.S. currency and the Continentals.

Sterling finished unchanged at $1.5285-1.5295, after opening at $1.5330-1.5340, and trading within a range of $1.5235 to $1.5385. The pound was also unchanged at SwFr 3.2750 for the second day running, and improved to FFr 12.1150 from FFr 12.10, and to Y372 from Y371.50, but fell slightly to DM 4.0250 from DM 4.0275.

DEUTSCHEMARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. July average 2.5895. Trade-weighted index 126.4 against 128.4 six months ago. Until the recent slowdown in U.S. M1 money supply growth the dollar was at its highest level for nearly 10 years against the D-mark, reflecting the large differential between U.S. and German interest rates. The improved M1 figure has played a greater part in restraining the dollar than the earlier intervention by the Bundesbank and other central banks.

The D-mark continued to recover against the dollar without any sign of intervention by the Bundesbank. The dollar was fixed at DM 2.6169 in Frankfurt, compared with DM 2.6402 on Monday. This was the lowest fixing since July 26, and followed lower Eurodollar interest rates, and rumours about problems over Brasilian debt repayments. Sterling was fixed at DM 4.0140, and the Swiss franc at DM 1.2294.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6060. July average 7.7826. Trade-weighted index 68.2 against 74.1 six months ago. hTe franc is quite firm against its EMS partners, but stability within the system has been helped by the weakness of the D-mark against the dollar. Any permanent decline by the dollar and increased demand for the D-mark, could renew the strains from which the EMS and currencies such as the franc have suffered from time to time.

The franc was generally firm at the Paris fixing, but eased slightly against the D-mark. The dollar fell sharply to FFr 7.8760 from FFr 7.9440, while sterling declined to FFr 12.08 from FFr 12.1110, and the Swiss franc to FFr 3.6972 from FFr 3.7013. On the other hand the D-mark rose to FFr 3.0089 from FFr 3.0083.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6938	+1.77	+1.11	±1.5447
Danish Krone ...	8.14104	8.20276	+0.76	+0.10	±1.6425
German D-Mark	2.24184	2.27747	+1.59	+0.93	±1.0642
French Franc ...	6.87456	6.85189	−0.33	−0.99	±1.4052
Dutch Guilder ...	2.52595	2.54739	+0.85	+0.19	±1.4964
Irish Punt	0.72569	0.722176	−0.48	−1.14	±1.6696
Italian Lira	1403.49	1359.37	−3.14	−3.14	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Aug. 23	£	$		£ Note Rates
Argentina Peso .	16.53-16.63	10.806-10.826	Austria..........	28.10-28.40
Australia Dollar..	1.7165-1.7185	1.1255-1.1260	Belgium..........	80.80-81.60
Brazil Cruzeiro...	998.50-1,005.48	654.00-657.00	Denmark..........	14.39-14.53
Finland Markka...	8.6370-8.6600	5.6400-5.6500	France...........	12.02-12.14
Greek Drachma...	138.00-138.80	90.00-90.20	Germany..........	4.00-4.04
Hong Kong Dollar	11.326-11.341	7.4125-7.4225	Italy............	2375-2415
Iran Rial.........	132.50*	87.10*	Japan............	371-376
Kuwait Dinar (KD)	0.4445-0.4455	0.29115-0.29125	Netherlands......	4.47-4.52
Luxembourg Fr..	80.55-80.65	52.73-52.75	Norway...........	11.24-11.34
Malaysia Dollar..	3.5690-3.5790	2.3360-2.3380	Portugal.........	182-200
New Zealand Dlr.	2.3260-2.3316	1.5200-1.5220	Spain............	219-234½
Saudi Arab. Riyal	5.3120-5.3190	3.4790-3.4810	Sweden...........	11.84-11.94
Singapore Dollar	3.2470-3.2570	2.1250-2.1270	Switzerland	3.25¼-3.28¼
Sth. African Rand	1.7080-1.7095	1.1170-1.1180	United States....	1.51⅛-1.54⅛
U.A.E. Dirham....	5.6070-5.6125	3.6720-3.6750	Yugoslavia.......	157-189

*Selling rates.

CURRENCY MOVEMENTS

Aug. 23	Bank of England Index	Morgan Guaranty Change %
Sterling..............	85.7	−35.2
U.S. dollar............	127.2	+15.1
Canadian dollar.....	92.3	−16.8
Austrian schilling..	117.6	+29.7
Belgian franc.......	91.6	−3.8
Danish kroner	80.2	−15.0
Deutsche mark.......	126.4	+54.7
Swiss franc.........	151.5	+110.3
Guilder.............	116.2	+25.1
French franc........	68.2	−24.6
Lira................	50.6	−59.9
Yen.................	146.9	+55.7

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

AUG. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.690488	0.667239
U.S. $	8½	1.06907	0.869860
Canadian $	9.57	*	1.07062
Austria Sch	3¾	19.4911	16.0054
Belgian F	9	55.6197	45.6938
Danish Kr.	7½	9.98173	8.20276
D mark	4	2.77148	2.27747
Guilder	4½	3.10043	2.54739
French F	9½	8.34124	6.85189
Lira	17	1654.80	1359.37
Yen	5½	256.295	210.550
Norwgn Kr	9	7.79687	6.40609
Spanish Pta	—	157.113	129.067
Swedish Kr	8½	8.21521	6.75099
Swiss Fr	4	2.25476	1.85298
Greek Dr'ch	20½	95.4116	78.3744

*C$/SDR rate for Aug 22: 1.30024.

THE POUND SPOT AND FORWARD

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	1.5235-1.5385	1.5285-1.5295	0.04-0.09c dis	−0.51	0.15-0.20dis	−0.46
Canada	1.8770-1.8840	1.8815-1.8825	0.08c pm-0.04 dis	0.06	0.17-0.07 pm	0.25
Nethlnd.	4.47½-4.50½	4.48-4.49	1½-1c pm	3.34	4¼-3¾ pm	3.57
Belgium	80.25-80.85	80.55-80.65	10c pm-par	0.74	18-8 pm	0.64
Denmark	14.43-14.51	14.47-14.48	1ore pm-par	0.41	2¼-1¼ pm	0.48
Ireland	1.2700-1.2780	1.2745-1.2755	0.26-0.29p dis	−2.59	0.88-0.73dis	−2.21
W. Ger.	4.00-4.03	4.02-4.03	1¾-1½pf pm	4.47	4½-4 pm	4.22
Portugal	185.00-187.00	185.25-185.75	355-525c dis	−28.48	1250-1550dis	−30.19
Spain	226.50-228.25	227.00-227.20	390-470c dis	−22.72	1190-1510dis	−23.78
Italy	2,384-2,400	2,396-2,397	15½-17½lire dis	−8.26	46½-49½ dis	−7.93
Norway	11.24-11.31	11.26-11.27	2½-3½ore dis	−3.26	8-8⅞ dis	−2.97
France	12.04½-12.14½	12.11-12.12	3-4c dis	−3.47	13-15 dis	−4.62
Sweden	11.85-11.93	11.88½-11.89½	2½-2¾ore dis	−2.46	4½-5¼ dis	−1.60
Japan	369-373	371½-372½	1.00-0.80y pm	2.90	2.85-2.65 pm	2.96
Austria	28.05-28.30	28.18-28.23	10¼-8¾gro pm	3.83	29¾-25 pm	3.88
Switz.	3.25-3.28	3.27-3.28	1½-1c pm	4.58	4¼-3¾ pm	4.88

Belgian rate is for convertible francs. Financial franc 81.40-81.50. Six-month forward dollar 0.33-0.38c dis. 12-months 0.52-0.62c dis.

THE DOLLAR SPOT AND FORWARD

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5235-1.5385	1.5285-1.5295	0.04-0.09c dis	−0.51	0.15-0.20dis	−0.46
Ireland†	1.1980-1.2060	1.1995-1.2005	0.38-0.34c pm	3.63	1.00-0.90 pm	3.15
Canada	1.2305-1.2315	1.2310-1.2315	0.08-0.06c pm	0.63	0.22-0.19 pm	0.67
Nethlnd.	2.9260-2.9450	2.9430-2.9450	1.05-0.95c pm	4.08	2.95-2.85 pm	3.96
Belgium	52.45-52.75	52.73-52.75	7-5c pm	1.37	17-13½ pm	1.16
Denmark	9.4195-9.4750	9.4675-9.4725	1.35-0.85ore pm	1.40	4.50-4.00 pm	1.80
W. Ger.	2.6135-2.6380	2.6320-2.6330	1.10-1.05pf pm	4.92	3.10-3.05 pm	4.69
Portugal	121.25-122.00	121.65-121.95	100-275c dis	−18.53	300-760 dis	−17.48
Spain	148.30-149.00	148.80-149.00	200-245c dis	−18.00	650-800 dis	−19.55
Italy	1,562-1,569	1,567½-1,568½	10-10½lire dis	−7.95	29-30 dis	−7.53
Norway	7.3560-7.3800	7.3725-7.3775	1.50-1.80ore dis	−2.69	4.60-4.90dis	−2.58
France	7.8700-7.9400	7.9250-7.9300	1.90-2.10c dis	−3.04	8.10-8.50dis	−4.20
Sweden	7.7540-7.7850	7.7725-7.7775	1.10-1.30ore dis	−1.86	2.20-2.40dis	−1.18
Japan	241.65-243.80	243.25-243.35	0.75-0.65y pm	3.47	2.10-2.00pm	3.38
Austria	18.39-18.48	18.47-18.48	7.30-6.50gro pm	4.50	21-18½ pm	4.29
Switz.	2.1250-2.1435	2.1405-2.1415	1.03-0.97c pm	5.62	2.97-2.92 pm	5.52

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.205-53.305.

EXCHANGE CROSS RATES

Aug. 23	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.529	4.025	372.0	12.115	3.275	4.485	2396.	1.882	80.60
U.S. Dollar	0.654	1.	2.632	243.3	7.923	2.142	2.933	1567.	1.231	52.71
Deutschmark	0.248	0.380	1.	92.42	3.010	0.814	1.114	595.3	0.468	20.02
Japanese Yen 1,000	2.688	4.110	10.82	1000.	32.57	8.804	12.06	6441.	5.059	216.7
French Franc 10	0.825	1.262	3.322	307.1	10.	2.703	3.702	1978.	1.553	66.53
Swiss Franc	0.305	0.467	1.229	113.6	3.699	1.	1.369	731.6	0.575	24.61
Dutch Guilder	0.223	0.341	0.897	82.94	2.701	0.730	1.	534.2	0.420	17.97
Italian Lira 1,000	0.417	0.638	1.680	155.3	5.056	1.367	1.872	1000.	0.785	33.64
Canadian Dollar	0.531	0.812	2.139	197.7	6.437	1.740	2.383	1273.	1.	42.83
Belgian Franc 100	1.241	1.897	4.994	461.5	15.03	4.063	5.565	2973.	2.335	100.

FINANCIAL FUTURES

A softer tone

Interest rate contracts had a softer tone on the London International Financial Futures Exchange yesterday, despite a continued downward trend in interest rates on the cash market.

Hopes of another minus figure at the weekly U.S. M1 money supply announcement took further pressure off Eurodollar and sterling interest rates, but a steady opening of the New York Federal funds rate at 9¼ per cent, and a Chicago Eurodollar start in line with expectations tended to take the steam out of the market.

With September Eurodollars nearing settlement interest continued to concentrate in the December month, which opened slightly firmer at 89.63, but fell to 89.54 at the close, compared with 89.61 on Monday.

Gilt cash prices opened firm, but drifted lower in quiet trading, and this had a depressing influence on Liffe. September delivery opened at 103-07, the highest level of the day, but finished near the day's low at 102-15, compared with 103-00 on Monday.

Liffe trading remained concentrated on September, but the December contract also weakened, after opening little changed at 104-10, but closing at 102-28, compared with 104-09 on Monday.

The late improvement by sterling on the foreign exchanges failed to influence the short sterling interest rate contract, where prices declined in line with gilts and Eurodollars.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept.	89.98	90.05	89.95	89.98
Dec	89.54	89.70	89.54	89.61
March	89.28	89.39	89.28	89.33
June	89.10	89.17	89.10	89.12
Sept	88.99	88.99	88.99	88.92

Volume 2,052 (2,168).
Previous day's open int. 6,254 (6,175).

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

	Close	High	Low	Prev
Sept	90.29	90.38	90.29	90.36
Dec	90.01	90.08	90.00	90.04
March	89.66	89.75	89.66	89.68
June	89.34	89.37	89.33	89.30
Sept	89.15	—	—	89.20

Volume 986 (546).
Previous day's open int. 4,469 (4,592).

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	102-15	103-07	102-14	103-00
Dec	103-28	104-10	103-28	104-09
March	103-14	103-21	103-14	103-27
June	103-00	—	—	103-13
Sept	102-18	—	—	102-31

Volume 2,385 (2,887).
Previous day's open int. 5,267 (5,368).
Basis quote (clean cash price of 15¼% Treasury 1998 less equivalent price of near futures contract) −10 to −2 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.5290	1.5360	1.5265	1.5275
Dec	1.5310	1.5366	1.5300	1.5290
March	1.5323	—	—	1.5310

Volume 622 (566).
Previous day's open int. 1,763 (1,822).

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3816	0.3834	0.3815	0.3809
Dec	0.3862	0.3877	0.3860	0.3853
March	0.3894	—	—	0.3894

Volume 213 (180).
Previous day's open int. 559 (596).

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4694	0.4715	0.4694	0.4674
Dec	0.4764	—	—	0.4740
March	—	—	—	—

Volume 17 (5).
Previous day's open int. 252 (250).

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4130	0.4135	0.4130	0.4122
Dec	0.4167	0.4177	0.4167	0.4163
March	—	—	—	—

Volume 21 (36).
Previous day's open int. 284 (289).

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	72-03	72-16	71-31	72-16
Dec	71-16	71-30	71-13	71-30
March	71-00	71-13	70-29	71-14
June	70-18	70-31	70-18	71-01
Sept	70-07	70-20	70-07	70-22
Dec	69-30	70-11	69-30	70-13
March	69-22	69-30	69-22	70-02
June	69-15	69-23	69-15	69-30
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	90.83	90.91	90.82	90.89
Dec	90.38	90.47	90.37	90.46
March	90.11	90.19	90.11	90.19
June	89.93	—	89.91	89.98
Sept	89.78	89.83	89.75	89.82
Dec	89.69	89.69	89.60	89.67
March	—	—	89.48	89.53
June	—	—	89.36	89.40

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	90.24	90.33	90.22	90.29
Dec	89.71	89.80	89.70	89.79
June	89.15	89.24	89.13	89.22

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	89.74	89.81	89.73	89.78
Dec	89.27	89.36	89.25	89.33
March	88.95	89.05	88.94	89.03
June	88.72	88.84	88.72	88.82

STERLING (IMM) $ per £

	Latest	High	Low	Prev
Sept	1.5270	1.5380	1.5240	1.5315
Dec	1.5285	1.5385	1.5260	1.5340
March	1.5300	1.5415	1.5280	1.5360
June	1.5320	1.5375	1.5300	1.5375
Sept	—	—	—	—
Dec	—	—	—	—

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	69-09	69-18	69-04	69-18
Dec	68-09	68-19	68-03	68-18
March	67-12	67-19	67-11	67-21
June	66-21	67-01	66-19	67-01
Sept	66-08	66-08	66-08	66-17
Dec	65-29	66-00	65-29	66-04
March	—	—	—	—
June	65-09	65-09	65-09	65-16
Sept	—	—	—	—
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

MONEY MARKETS

London rates continue to ease

Fixed period interest rates continued to ease in the London money market yesterday, following a further decline in Eurodollar rates.

The Bank of England forecast a market credit shortage of £100m, but gave help of only £57m through outright purchases of bank bills.

Bills maturing in official hands, the repayment of any late assistance, and a take-up of Treasury bills from Friday's tender drained £127m, while Exchequer transactions absorbed another £60m. These were partly offset by a fall in the note circulation of £50m.

The authorities did not operate in the market during the morning, but after lunch bought £40m bank bills in band 1 (up to 14 days maturity) at 9 7/16 per cent; £3m bank bills in band 3 (34-63 days) at 9 7/16 per cent; and £14m bank bills in band 4 (64-84 days) at 9⅜ per cent.

On the Continent fixed period interest rates were firmer in Frankfurt and Zurich, but showed an easier trend in Paris and Amsterdam.

In Frankfurt overnight money was unchanged at 5.025 per cent, with one-month rising to 5.40 per cent from 5.35 per cent; three-month to 5.65 per cent from 5.625 per cent; and six-month to 6.05 per cent from 6.025 per cent.

In Paris call money eased again after Monday's fall, declining to 12¼ per cent from 12 5/16 per cent. One-month money fell to 12 5/16 per cent from 12⅜ per cent, while three-month and six-month were unchanged at 12⅜ per cent and 12 7/16 per cent.

In Zurich the major Swiss banks have raised their interest rates on medium-term notes to 4½ per cent for all maturities from three to eight years, with effect from tomorrow. This represents a rise of ½ per cent for maturities from three to five years, and ¼ per cent for maturities from six to eight years. Medium-term notes provide a major source of funds for the banks. Rates were last increased on June 9, but were considered to be out of line with corresponding Euromarket yields.

In Amsterdam easier credit conditions reduced the overnight money rate to 5⅜-5½ per cent from 5¾-6 per cent, with the one-month rate falling to 5 11/16 per cent from 5 13/16 per cent, and six-month to 6⅛ per cent from 6 3/16 per cent.

LONDON MONEY RATES

Aug. 23 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight........	—	9-15	9	—	—	9½	8¾-9¾	—	—	—
2 days notice .	—	—	9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅜-9½	—	—	—	—
7 days notice ..	—	9¼-9½	9¼	—	—	9⅝	9¼-9¼	—	—	—
One month.........	9½-9 7/16	9 7/16-9⅜	9⅝	10-9¾	9½	9¾	9¼	9½	9½	10⅛
Two months	9½-9 7/16	9 9/16-9 7/16	9½	10-9¾	9⅝	—	9⅜	9 7/16-9 13/32	9 15/32-9 7/16	10 1/16
Three months....	9 9/16-9 7/16	9 9/16-9 7/16	9⅝	10⅛-9⅞	9 11/16	—	9½	9 13/32-9 11/32	9 9/16	10
Six months........	9 15/16-9 13/16	10-10⅛	10	10-9¾	10⅛	—	—	—	9 9/16-9½	10 1/16
Nine months......	10⅛-10	10 1/16-10⅛	10	10⅜-10⅛	10 3/16	—	—	—	—	—
One year..........	10 5/16-10⅛	10 5/16-10⅛	10⅛	10½-10¼	10 5/16	—	—	—	—	—
Two years.......	—	—	11	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period July 6 to August 2 1983 (inclusive) 9.989 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11¼ per cent; four years 11½ per cent; five years 11¾ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9 15/32 per cent; four months trade bills 10 1/32 per cent.

Approximate selling rate for one month Treasury bills 9 7/16 per cent; two months 9⅜-9 11/32 per cent and three months 9 5/16-9 11/32 per cent. Approximate selling rate for one month bank bills 9 7/16 per cent; two months 9¼ per cent and three months 9 5/16 per cent; trade bills 9⅞ per cent; two months 9 15/16 per cent and three months 9¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from August 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.3291 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 10¼ per cent; six-12 months 10½ per cent. Under £100,000 9½ per cent from July 20. Deposits held under Series 4-5 9¾ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Aug. 23	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling........	9⅝-9½	9 7/16-9 5/16	9 7/16-9½	9 9/16-9 7/16	10-10⅛	10⅜-10½
U.S. Dollar.....	9⅜-9⅝	9 5/16-9 7/16	9 5/16-9 7/16	9⅞-10⅛	10⅜-10⅝	10 9/16-10 11/16
Can. Dollar....	8½-9¼	8½-9	8⅞-9⅛	9 7/16-9 9/16	9¾-10	10 1/16-10 3/16
D. Guilder.....	5⅜-5⅝	5½-5¾	5¾-5⅞	6-6⅛	6⅛-6¼	6 7/16-6 9/16
S. Franc........	1⅞-2⅛	7⅜-7⅝	4⅛-4⅜	4⅜-4⅝	4 7/16-4 9/16	4 7/16-4 9/16
Deutschm'rk	4 7/16-4 9/16	4½-4⅝	4⅞-5	5¼-5⅜	5 7/16-5 9/16	6⅛-6¼
Fr'nch Franc	12¼-12½	12⅛-12½	12⅛-12¾	14½-14¾	15⅞-16⅛	16½-16¾
Italian Lira...	15-16½	16-17½	16⅞-17⅜	17½-18	18⅜-18⅞	19¼-20
Belg. Franc. Conv............	7½-8½	8-9	8¼-8¾	8½-9	9¼-9¾	9¾-10¼
Fin............	8-8½	8½-9	8⅝-8¾	9-9¼	9⅛-9⅝	9⅞-10⅛
Yen	6 5/16-6 7/16	6⅜-6½	6 9/16-6 11/16	6⅝-6⅞	6 9/16-6 13/16	6 11/16-6 13/16
D. Krone........	10¼-10¾	10⅜-10⅞	8¾-9¼	9⅛-9⅝	9⅝-10⅛	10½-11
Asia $ (Sing.)	9 5/16-9 7/16	9⅜-9¾	9 5/16-9 7/16	10-10⅛	10 5/16-10 7/16	10⅝-10¾

FT LONDON INTERBANK FIXING
(11.00 a.m. AUGUST 23)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 15/16	offer 10 1/16	bid 10 5/16	offer 10 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)...	9⅜-9½
Treasury bills (13-week)	9.18
Treasury bills (26-week)	9.31

GERMANY

Lombard	5.0
Overnight rate	5.025
One month	5.40
Three months	5.65
Six months	6.05

FRANCE

Intervention rate	12.25
Overnight rate	12.25
One month	12.3125
Three months	12.375
Six months	12.4375

JAPAN

Discount rate	5.5
Call (unconditional) ...	6.34375
Bill discount (3-month)	6.71875

SWITZERLAND

Discount rate	4
Overnight rate	1½-2
One month	4¼-4½
Three months	4 7/16-4 9/16

NETHERLANDS

Discount rate	4½
Overnight rate	5¼-5½
One month	5⅝-5⅞
Three months	6-6⅛
Six months	6⅛-6¼

$ CERTIFICATES OF DEPOSIT

One month	9.55-9.65
Three months	9.75-9.85
Six months	10.10-10.20
One year	10.35-10.55

LONG TERM EURO $

Two years	11¾-12
Three years	12-12¼
Four years	12¼-12½
Five years	12½-12¾

SDR LINKED DEPOSITS

One month	8 9/16-8 11/16
Three months	8-9⅛
Six months	9 7/16-9 11/16
One year	9¾-10¼

ECU LINKED DEPOSITS

One month	8 9/16-8 11/16
Three months	8⅞-9¼
Six months	9½-9⅞
One year	10-10½

PERSONAL

PUBLIC NOTICES

KIRKLEES METROPOLITAN COUNCIL BILLS
£3,500,000 Bills from 24th August, 1983 to 23rd November 1983 at 9 15/32% net discount. Applications £30,500,000. £7,500,000 outstanding.

CLUBS

CONTRACTS AND TENDERS

OIL & NATURAL GAS COMMISSION
(DEPARTMENT OF MATERIALS MANAGEMENT)

GRAM: 'COMSTORE' — TEL BHAVAN:
TELEX NO. 0595-206, 207 & 255 — DEHRA DUN.

Oil & Natural Gas Commission, Tel Bhavan, Dehra Dun invites sealed tenders for import of items specified below against each:

Sl. No.	Tender No.	Brief description of stores	Est. value in lacs	Tender fee in rupees	Closing dates 1400hrs.	Opening dates 1500hrs.
1.	MAT/IMP/E-II/2(749)/83	Digital Magnetic Tapes	Rs.45.00	Rs.500	27.8.83	27.8.83
2.	MAT/IMP/E-II/2(322)/82	Digital Magnetic Tapes	Rs.63.96	Rs 1,000	30.8.83	30.8.83
3.	MAT/IMP/E-II/3(212)/83	Storage Oscilloscope & VHF Signal Generator	Rs.2.88	Rs.250	2.9.83	2.9.83
4.	MAT/IMP/E-II/3(718)/83	Tektronix Oscilloscope	Rs.5.92	Rs.250	5.9.83	5.9.83

Tenderers will be required to submit their applications for tender documents along with crossed Indian Postal Orders for the amount specified against each tenders as above, separately, not earlier than the date of publication of tender, drawn in favour of Oil & Natural Gas Commission, Tel Bhavan, Dehra Dun. Tender documents would be available at the following offices and will be issued between 1400 hours and 1500 hours on all working days from the date of publication of tender.

1. Dy. Director (S&P), C&P Sec.
Oil & Natural Gas Commission
(Deptt. of Materials Management)
Tel Bhavan, Dehra Dun.
2. Dy. Director (S&P)
Oil & Natural Gas Commission
"Kailash," Kasturba Gandhi, Marg, New Delhi.
3. Joint Director (S&P)
Oil & Natural Gas Commission
Geoscience Division, 50-Chowringhee Road, Calcutta.
4. Officer-in-Charge
Oil & Natural Gas Commission
T&S Office, Asia Publishing House
Calicut Street, Ballard Estate, Bombay-400038.
5. Dy. Director (S&P)
Oil & Natural Gas Commission
Madras Forward Base, CSI Building
226 Cathedral Road, Madras-600086.

No tender will be sold on or after closing date shown against each tenders mentioned above.

Sealed tender in triplicate subscribing Tender No., closing and opening date on the envelope, should be addressed to the General Manager (MM), Oil & Natural Gas Commission, Department of Materials Management, Tel Bhavan, Dehra Dun, so as to reach by the scheduled closing dates and time.

N.B.
1. Oil & Natural Gas Commission reserves the right to reject any/all bids without assigning any reasons whatsoever.
2. Bids or modification of bids received after the opening date will not be considered.
3. The Indian Agents authorised by their foreign principals/suppliers in India may purchase these tender documents on payment of cost through crossed Indian Postal Order/Bank Drafts in the name of Oil & Natural Gas Commission in Indian Currency for forwarding them to their foreign supplier abroad.
Such foreign suppliers shall remit the cost of tender documents in U.S. Dollars equivalent to Indian Rupees through a Bank Draft drawn in favour of Oil & Natural Gas Commission along with their offer. Tenders received from foreign suppliers without compliance and above instructions will be rejected.
The cost of tenders paid to the Commission by authorised agents for obtaining tender documents for their principals is reimbursable provided the offer from foreign suppliers are received in his office as per instructions mentioned hereinbefore.

INTERNATIONAL CAPITAL MARKETS

French agency in $75m Eurobond

By Peter Montagnon in London

CAISSE Centrale de Cooperation Economique, France's state overseas development agency, yesterday launched a $75m bond in the Euromarket, the first straight Eurodollar bond for a month and the first for a French issuer since early May.

Initial reactions to the bond, which bears a coupon of 12⅛ per cent and issue price par, were rather muted, but by yesterday afternoon the 12-year paper was beginning to move slowly and Paribas, which is leading the issue alongside Goldman Sachs and Salomon Brothers, quoted the bonds at a discount of 1¼, exactly equivalent to the selling concession and underwriting fee.

Paribas said last night that the borrower felt the time was right for the deal in view of a shortage of supply of new paper that has built up in the market over the past month. Last week's sharp rises in secondary market prices have prompted speculation over a resumption of new issue business.

But yesterday some of the steam seemed to have gone out of the secondary market and prices shed early gains to close little changed on the day. Much attention still focuses on warrant issues, which allow investors to enter the market without putting up much cash at a time when the dollar is still strong in exchange markets.

Household Finance International has, for example, launched an issue of 100,000 warrants to purchase a series of 11⅛ per cent bond due in 1990 between March 1 and December 1 1985. The new bonds may be used to refinance an existing issue of 15 per cent bonds due in 1988 which can be called early from December, 1985. Orion Royal Bank is the sole lead of the issue, and has priced the warrants at $18.

Part of the current thinking behind warrant issues is that the dollar may fall before the exercise period expires and investors will be able to enjoy high rates of interest without a currency loss. Similarly there has been growing interest in some other currency sectors for exchange rate reasons, with Farm Credit Corp of Canada's issue increased for the second time yesterday to C$75m from C$60m.

Yesterday also saw the launch of a £30m, partly paid 25 year bulldog for Cigna, the U.S. insurance and financial services concern. The issue will be priced today at a premium of 200 basis points over British Government stock maturing in 2004/08. On the basis of yesterday's price this would give a yield of around 13 per cent. The issue is payable up to 30 per cent immediately, with the balance due on September 23 and led by Morgan Grenfell and Morgan Guaranty.

In Switzerland GTE Finance is raising $84m through a dual currency bond led by Soditic. The borrower has adopted a formula already used by names such as IC Industries and Transamerica whereby payment for the bonds is due in Swiss francs but redemption is made in U.S. currency.

In the GTE deal investors will receive interest at 7¼ per cent in Swiss francs for each SwFr 5,000 bond, which will be worth exactly $3,000 when redemption takes place in ten years time. This means that investors will be protected against any fall in the dollar down to SwFr 1.66 but stand to lose capital if the rate moves lower still. In return for this limited currency risk they receive interest some two points higher than on a conventional Swiss franc bond.

Previous issues on this basis have proved popular with Swiss investors anxious to diversify partially into U.S. currency bonds and currently stand at substantial premia of around 20 per cent over their issue price.

The Swiss bond market itself slipped slightly yesterday in lacklustre trading as banks announced an increase of up to ½ point in medium term note rates. Credit Suisse did, however, announce a new SwFr 100m, eight-year issue for Tokyo Electric with an indicated coupon of 5⅝ per cent.

In Germany, where bond prices were little changed, the World Bank launched a DM 300m, six year bond with a coupon of 7⅞ per cent and issue price par through Deutsche Bank.

Management moves at Chicago bank

CONTINENTAL Illinois, the Chicago bank which is recovering from heavy losses it incurred last year as a result of its involvement with the failed Penn Square Bank, announced a major strengthening of its senior management team, writes Our New York Staff.

Mr David Taylor, the group's treasurer and head of its bond operations, has been appointed a vice chairman and given a seat on the board. In addition, Mr Edward Bottum, who currently heads the trust and investment service division, has been appointed as director and will head the general banking division on the retirement of Mr Edward Cummings later this year.

Belgrade debt accord cleared

YUGOSLAVIA has paid $1.9bn in interest and principal due this year on its large foreign debt, clearing the way for it to sign a $2bn rescheduling agreement with commercial banks in New York on Saturday, the deputy governor of the Yugoslav national bank said yesterday. David Buchan writes in London.

The payments covered up to date interest on all foreign commercial debts and principal on the portion of debt maturing in 1983 but not being rescheduled, Mr Miodrag Veljkovic, the deputy governor, told the Yugoslav news agency, Tanjug.

The commercial bank rescheduling is the fifth and final leg of a multi-billion dollar rescue package for Yugoslavia. The other contributors are the International Monetary Fund, the World Bank, some 15 Western governments, and the Bank for International Settlements, which gave Yugoslavia a bridging loan.

Commercial banks have agreed to reschedule $1.4bn of Yugoslavia's medium and long-term debt maturing this year and to grant a fresh loan of $600m, as well as to maintain their short-term credits to Yugoslavia.

The deal had been postponed several times before.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for August 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¾ 90	100	92¾	93¼	0	+1	11.89
Bank of America 8 88 XW	150†	85¼	85¾	+1	+0¾	12.31
Bank of Tokyo Hold 11 90	100	94½	94⅞	+0⅛	+0¾	12.26
British Col Hyd 10¾ 88	200	96¾	97¼	+0¼	+1⅛	11.08
C.C.C.E. 11¾ 97	100	94⅜	94⅞	+0¼	+1¾	12.55
C.I.B.C. 11 90	75	91⅞	92⅜	−0¼	−0½	12.79
Citicorp O/S 10⅞ 90	100	91¼	91¾	+0⅝	+1⅛	12.28
Coca Cola Int 9¾ 92	100	88⅞	89⅜	−0⅛	−0⅜	11.91
Cred Suisse BAH 10½ 90	150	95⅜	95⅞	−0⅛	+0⅝	11.45
Credit Suisse 10½ 89	100	95⅛	95⅝	0	+0¼	11.51
Den Norsk Cred 11⅛ 93	50	92⅝	93⅛	−0⅛	+0¼	12.53
Du Pont 11¼ 95	150	97¾	98¼	0	+0¾	11.55
E.C.S.C. 11⅞ 90	75	99	99½	+0½	+1½	12.03
E.D.C. 10¾ 88	100	97¾	98¼	−0⅛	+1⅛	11.31
E.D.C. 11¾ 87	100	99¾	100¼	+0⅛	+0⅝	11.72
E.D.F. 11⅛ 93	100	91½	92	0	+0⅝	12.62
E.E.C. 10¾ 95	75	90	90½	+0⅛	+0¾	12.35
E.E.C. 11 87	350	97⅞	98⅜	0	+0⅝	11.61
E.I.B. 10¾ 93	200	92¼	92¾	+0⅝	+1¾	12.06
E.I.B. 11 91	125	94⅝	95⅛	0	+1⅛	12.04
Electrolux 10½ 90	50	92⅛	92⅝	+0⅛	+0⅞	12.18
Enserch Fin 11⅝ 93	100	92⅞	93⅜	0	+0⅛	12.88
Fuji Int Fin 10⅞ 90	100	91⅜	91⅞	0	+0⅞	12.77
Gen Elec Credit 9¾ 91	100	89⅜	89⅞	−0¼	+0½	11.83
GMAC O/S Fin 10½ 90	200	95	95½	+0⅛	+1	11.55
Honeywell Int 10¾ 90	100	96⅝	97⅛	+0⅜	+1	11.42
Indust Bk Japan 10⅞ 88	100	96¼	96¾	+0⅛	+0¾	11.85
Japan Air Lines 10⅞ 98	42	89⅞	90⅜	+0⅛	+1	12.34
Japan Air Lines 11 93	75	94	94½	+0⅜	+1½	12.01
J. P. Morgan 11⅞ 90 XW	150	97¼	97¾	+0⅛	+0¾	11.92
Levi Strauss Int 11 90	75	94⅝	95⅛	+0⅛	+0½	12.13
L.T.C.B. 10¾ 90	100	91⅝	92⅛	+0¼	+0⅞	12.58
Merrill Lynch 10⅝ 90	200	92¾	93¼	0	+0⅜	12.19
Midland Int Fin 11½ 92	150	95⅝	96⅛	0	+0¾	12.24
Mitsubishi Corp 10½ 90	100	92⅛	92⅝	+0⅛	+0⅞	12.28
Mitsubishi Fin 11⅞ 90	100	95⅛	95⅝	−0⅛	+1⅛	12.48
Nippon Credit 11 90	100	91⅞	92⅜	0	+0⅛	12.78
Nippon Credit 11¼ 93	100	93⅛	93⅝	+0⅛	+0¼	12.45
O.K.B. 10 91	100	89⅝	90⅛	+0½	+2	12.07
Ontario Hydro 10¼ 90	250	93	93½	+0⅜	+1⅞	11.73
Ontario Hydro 11¼ 89	200	99⅝	100⅛	+0⅞	+1⅜	11.22
Ontario Hydro 12¾ 92	200	103¾	104¼	+0½	+2⅜	11.99
Prudential O/S 10⅝ 93	100	94⅞	95⅜	+0¼	+1½	11.46
Prudential O/S 12¾ 87	150	104⅞	105⅜	+0⅝	+1¼	11.11
Quebec Hydro 11½ 92 D	100	99	99½	+0¼	+1	11.61
Saskatchewan Pr 10¾ 90	125	94⅞	95⅜	+0⅛	+1½	11.83
S.N.C.F. 11½ 93	100	96⅛	96⅝	0	+1⅛	12.13
Sth Cal Edison 10½ 90	75	94¼	94¾	0	+0¾	11.70
Sumitomo Fin 10⅞ 90	100	91⅝	92⅛	+0⅛	+0⅛	12.71
Swiss Bk Corp 10¼ 90	125	95⅛	95⅝	−0⅛	0	11.22
Texaco Capital 9¾ 90	150	92¾	93¼	+0¼	+1¼	11.32
U.B.S. 10 88	100	96¾	97¼	−0⅛	+0⅝	10.82
U.B.S. 11 89	150	100⅞	101⅜	0	+1⅛	10.72
Westpac Int Fin 11 90	100†	91	92	−0½	−0¾	12.94
World Bank 10⅝ 88	150	95½	96	0	+0⅝	11.57
World Bank 10⅞ 93	100	93⅞	94⅜	+0⅝	+1¾	11.91
World Bank 11⅛ 98	100	95⅝	96⅛	+0⅝	+1⅛	11.71

Av. price changes: on day +⅛, on week +⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7¾ 93	100	95⅝	96⅛	0	+0⅜	7.59
A.M.A.S. 8⅛ 88	100	99⅝	99⅞	+0⅛	+0⅛	8.33
Austria, Rep 7⅝ 89	100	98¾	99¼	0	0	7.84
Austria, Rep 8 93	100	99⅞	100⅜	−0⅛	+0¼	7.98
Avon Int Fin 7½ 93	100	97⅞	98⅜	−0⅛	−0⅛	7.78
B.F.C.E. 8¼ 90	150	99⅝	100⅛	−0⅜	+0¼	8.22
Comp Tel Nac Esp 8⅛ 93	100	94¼	94¾	0	+0¼	9.37
Deutsche Bank 3¾ 91 WW	240	106⅝	107⅜	−0⅜	−1	2.73
Deutsche Bank 3¾ 91 XW	240	79¾	80½	0	+0⅞	7.18
Dresdner Finance 4 90 WW	250	107¾	108	+0⅛	+0⅛	2.85
Dresdner Finance 4 90 XW	250	81¾	82¼	−0¾	+0⅝	7.46
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Nisshin Steel 6¼ 91	100	99¾	100	−0⅜	+0½	6.27
Norsk Hydro 5½ 98	100	97	97¼	0	0	5.79
Osterr Draukraft 6 93	100	102½	102¾	−0½	+0⅛	5.64
Osterr Post 6⅛ 91	100	103	103¾	+0⅛	0	5.62
Quebec Hydro 5½ 93	100	100¾	101	+0¼	−0¼	5.38
Sekisui House 6 93	100	101	101½	−0⅛	+0¼	5.84
Sumitomo Metal Ind 6 91	100	100¾	101	−0¼	+0½	5.85
Tohoku Elec Power 6 93	100	100¾	101	+0¼	+1½	5.87
Trizec Corp 6¼ 91	100	103	103¼	0	0	5.73
World Bank 5⅝ 93	100	97½	97¾	0	+0½	5.95

Av. price changes: on day 0, on week +⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	103⅞	104⅜	0	0	7.97
E.I.B. 8⅛ 92	15	101⅞	102⅜	0	+0½	7.99

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.